CABINET PAPER—PRIVILEGED CA - 59-143

Property of the White House—For Authorized Persons Only

December 10, 1959

The White House

Washington

THE CABINET

Agenda

8:30 A.M., Friday, December 11, 1959

1.	The White House Conference on Children and Youth	(Oral)	Secretary Flemming
2.	"On the Beach"	CI - 59-64	Mr. Karl Harr
3.	Plans for Ellis Island	(Oral)	Administrator Floete
4.	Investigation of Crimes Involving Government Officers and Employees	(5 USC 311(a))	Attorney General Rogers
5.	The President's Trip: Preliminary Report	(Oral)	Secretary Herter
6.	Report on the Work of the President's Committee on Government Contracts	CI - 59-65	The Vice President Mr. Irving Ferman
7.	Additives in Poultry	(Oral)	Secretary Flemming Acting Secretary Morse
8.	Homecoming Reception for the President	(Oral)	The Vice President

Steel Strike

POST-CABINET BRIEFING:

9:	U.S. Military Programs for FY 1961	(Oral)	Secretary Gates

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By BHC NLE, Date 4-28-77

~~CONFIDENTIAL~~

MINUTES OF CABINET MEETING

December 11, 1959

8:30 a.m. -- 10:10 a.m.

The following were present:

Vice President Nixon

Sec. Herter
Sec. Anderson
Sec. Gates
AG Rogers
PMG Summerfield
Mr. Elmer Bennett
  for Sec. Seaton
Mr. Philip Ray
  for Sec. Mueller
Mr. True D. Morse
  for Sec. Benson
Sec. Mitchell
Sec. Flemming

Gov. Hoegh, OCDM
Mr. Stans, BoB

Miss Bertha Adkins
  Mrs. Rollin Brown
  Mr. Ephraim Gomberg
  Mrs. Catherine Oettinger

Mr. McCone, AEC
Mr. Abbott Washburn, USIA (in part)
Mr. Franklin Floete, GSA (in part)
  Mr. Alton Hailey

Gen. Persons
Mr. Gordon Gray
Mr. Robert Gray
Dr. Kistiakowsky
Mr. Merriam
Mr. Morgan (in part)
Dr. Paarlberg
Mr. Harr
Dr. Wallis
Mrs. Wheaton
Mr. Patterson
Mr. Minnich

The President's Trip - Mr. Herter commented briefly on the spectacular receptions being accorded the President, and on the President's extensive activity.

Substantively, Mr. Herter said, the President's visit to Italy has had the ironic effect of giving the communists there the opportunity to pose as the great supporters of the Eisenhower peace effort. The Italian Government itself has been pressing to participate in Summit meetings, or at least the arranging for the Summit. He mentioned the Italian effort to interpret as an agreement the President's customary notation upon a draft document he was shown while in Rome.

The Government interest in Turkey has been directed at encouraging us to join CENTO. They have also expressed fears about the direction of policies of the Afghan Government.

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In Pakistan, the conversations with Ayub were concentrated on Pakistan's position as regards the water agreement with India, and also Ayub's hope that the military forces of both Pakistan and India could be faced toward the North rather than toward each other.

The Afghan Government very much appreciated the fact that the President visited their isolated area. They stressed their desperate need for assistance from any and all sources without loss of freedom.

As for India, Ambassador Bunker has, in a recent cable, described this visit as the most important thing that has ever occurred in our relations with that country.

The Vice President noted recent criticisms to the effect that goodwill is not a substitute for policy, and he asked what Mr. Herter thought was the best reply to be made. The Secretary thought the important thing was to recognize what constituted policy; Democratic criticisms ignore the existence of very definite policies which -- in simplest terms -- have the objectives of holding the free world together through alliances, and reducing the burden of armaments.

There was brief discussion of the President's reaction to enthusiastic receptions. The Vice President then suggested that the Cabinet begin thinking about a reception for the President on his return to Washington and that they give to the Cabinet Secretary any ideas they might have.

White House Conference on Children and Youth - After brief preliminary remarks by Secretary Flemming and Miss Adkins, the Chairman of the Conference, Mrs. Rollin Brown -- the immediate past president of the PTA -- gave a rather lengthy accounting of previous conferences, participation in the forthcoming one, arrangements for discussions, and an outline of the principle subjects of interest. Mrs. Brown concluded by stressing the importance attached to the President's participation in the Conference, however brief.

"On the Beach" - Mr. Harr stated that this matter was being raised in Cabinet because of the unprecedented publicity given to this movie. He recognized that it was not a function of government to attempt to criticize or suppress the movie; however, care should be taken that government officials do not give support to erroneous themes developed in the film. He went over the paper summarizing the nature of the film and some of its shortcomings.

Gov. Hoegh said that the film was regarded in OCDM as something very harmful because it produced a feeling of utter hopelessness, thus undermining OCDM's efforts to encourage preparedness on the part of all citizens.

Mr. Herter pointed out that the names of State Department officials on the sponsors list were there without the knowledge or consent of the

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By DHC NLE, Date 8-12-76

officials, as the result of Mrs. Bacon's unhappy action in assuming sponsorship by those associated with a committee formed for a different purpose in support of the performing arts.

Steel Strike - The Vice President recalled the President's remarks just prior to departure directed at encouraging a voluntary settlement of the steel strike, and he hoped that the Cabinet could avoid any comments that might be seized by one side or the other to deviate from the President's remarks. He hoped that the pressure on both parties would thus be maintained while the President is abroad.

Sec. Mitchell indicated that there was no encouraging news to report.

Ellis Island - Mr. Floete reviewed GSA's efforts to dispose of Ellis Island following the conclusion of operations there by the Immigration Service, which had decided that it was too large and expensive to operate for the very reduced flow of immigrants. Representing a Government investment of $6 million on the 27-1/2 acres, the installation costs $100,000 per year for maintenance. The existing buildings have little or no use value and would be expensive to demolish or convert.

Currently GSA has received several bids in the neighborhood of $1 million, one for commercial purposes and one from Mr. Theodore Granick for development of a home for the aged. However, Granick's proposal is contingent upon a Supreme Court decision as to whether the Island lies within New York or New Jersey, something which may entail a long judicial procedure. Mr. Floete asked for advice as to whether to dispose of the property as quickly as possible without regard to proposed use or whether to await some practical public service proposal. The Vice President and Mr. Flemming thought the government should continue to seek some project that would have the public service aspect in it. Mr. Rogers thought the government should certainly await the judicial decision so that title would be clear.

Food Additives - Dr. Flemming went over the statement he had issued the preceeding day with regard to additives in meat and poultry, emphasizing that there is no possible way to determine how much or how little of an item will induce cancer in human beings if it induces cancer in animals. He pointed out that the Department had no alternative but to act as a result of the 1958 amendment to the Food and Drug Act.

Dr. Flemming pointed to a weakness in the present law which needs correction since it has been determined that certain additives can be used in feeding livestock without resulting in any trace of the additive being present in the food product consumed by humans. Also, present law is discriminatory in respect to permitting the continuation of certain undesirable practices if licensed prior to a certain date.

With regard to the action of the Agriculture Department in buying up the affected poultry, Mr. Morse stated that this may cost the Department as much as $10 million but it is considered a desirable action in the light of other farm problems. No determination has been made as

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to any possible use of the poultry to recover some of this expenditure.

General Persons commented on the fine spirit of cooperation and timely coordination between Agriculture and HEW in working with some of the White House Staff to arrange the best handling of this problem.

* * * *

The meeting adjourned at 10:10 a.m.

* * * *

Following the Cabinet meeting there was a briefing for those who wished to attend on the subject of the Defense budget for FY '61. It was pointed out that NOA would amount to $40.7 billion, expenditures would run to about $41.1 billion, thus maintaining closely the levels of FY '59 and '60. It was stated that the JCS had participated as a corporate body to a greater degree this year than ever before in the review process. Various charts were presented showing the funds designated for various activities, with emphasis particularly on missiles and aircraft.

gam
L. A. Minnich, Jr.

Copy to:
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

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RA - 59-143

December 16, 1959

The White House

Washington

THE CABINET

Record of Action

The following are the agreements with respect to the items presented at the Cabinet meeting of Friday, December 11, 1959:

1. The White House Conference on Children and Youth

(Information Item Only)

2. "On the Beach" CI - 59-64

(Information Item Only)

3. Plans for Ellis Island

ACTION: It was agreed that it would be preferable at this time not to approve the present bids for Ellis Island in view of

a) the uncertainty of its title (which should be investigated and cleared up as promptly as possible)

b) the agreed recognition that considerations of aesthetics, propriety and sentiment outweigh the relatively minor sums of money involved in present proposals, and

c) the potential of more promising and imaginative proposals being developed.

4. Investigation of Crimes Involving Government Officers and Employees

ACTION: Deferred until the next meeting.

5. The President's Trip: Preliminary Report

(Information Item Only)

6. Report on the Work of the President's Committee on Government Contracts CI - 59-65

ACTION: Deferred until the next meeting.

CABINET PAPER

For Action

7. Additives in Poultry [HEW Press Release of 12/10/59]

ACTION: a) The Cabinet noted the thorough and careful consultations which had taken place between the Departments of Health, Education, and Welfare, and Agriculture, and between HEW and the affected producers and retailers, prior to the release of yesterday, in order that there should be no loss of public confidence in the wholesomeness of America's food supply.

b) The Cabinet noted Secretary Flemming's statement on carcinogenic additives generally (originating with competent research officials): at present there is no man living who can tell how much or how little of a substance which induces cancer when included in the diet of animals is needed to induce cancer when included in the diet of man; man in fact may be more sensitive to carcinogens than animals.

c) The Cabinet noted Secretary Flemming's recommendations for changes in the law:

i) To remove the discrimination now permitted in favor of holders of existing approvals for the use of unacceptable additives, when new applicants are being rejected.

ii) To redefine "food additives" so that drugs put into animal feed, of which no traces appear in the animal products eaten by humans, are not prohibited from use.

d) The Cabinet noted the statement of the Acting Secretary of Agriculture pointing out the attendant problems in agriculture, since over half of the income of farmers from farm marketing is from livestock and livestock products, and since it is vital that consumer confidence and confidence of farmers be maintained. He also stated that the poultry to be bought up by the Department of Agriculture will not be used in any way which will create problems of public policy.

8. Homecoming Reception for the President

ACTION: With respect to arranging a suitable reception for the President upon his return, a query has been sent to clarify his arrival plans. In the meantime, any suggestions Cabinet members have should be directed to the Secretary to the Cabinet.

9. U. S. Military Programs for FY 1961

(Information Item Only)

ADDITIONAL ITEMS:

A. **The Steel Situation**

ACTION: It was agreed that all Administration statements on this matter are to be avoided except as they directly support the President's position in his speech of December 3.

Robert Gray
Secretary to the Cabinet

Approved by the Vice President
December 16, 1959

DRAFT

RA - 59-143

Dedember 11, 1959

The White House
Washington

THE CABINET

Record ofQAction

The following ~~is the consensus of the members of the Cabinet on~~ are the agreements with respect to the items presented at the Cabinet meeting of Friday, December 11, 1959:

1. (WH Conf) copy title

   Information Item Only

2. "On the Beach" Info only — CI - 59-64

   ACTION:

   ~~a) It was agreed that the most countgrproductive action which could be taken~~

   It was agreed that:

   a) Public statements by governmental officers which could be interpreted as official approval or disapproval are to be ~~carefully~~ assiduously avoided. ~~as any which would imply approval;~~

   b) Consideration might be given to encouraging those governmentally connected individuals, whose names have appeared on the invitations to the Washington premiere of the film, to take individual public action (e.g. lawsuits) which would disassociate themselves with the film.

   d) ~~Useful exploitation~~ may be able to be made of statements about the film which may originate from without the Executive Branch.

   c) While it would not be helpful for Cabinet Members to attend the premiere, any wholesale boycott of this event by governmental officials would do more harm than good.

   ~~d) Cabinet Members were encouraged to see the film to enable them to be better informed as to the problems which are likely to result from its impact on the world public.~~

3. Plans for Ellis Island

ACTION:

It was agreed that it would be preferable to defer disposal or sale of Ellis Island in view of:

a) the uncertainty of its title (which should be investigated and cleared up as promptly as possible)

b) the agreed recognition that considerations of esthetics and propriety outweigh the (relatively) minor sums of money involved (at present), and

c) the potential of other promising and imaginative proposals. ~~promise shown in the proposal to use the Island as a training center for governmental personnel going overseas representatives of American business going abroad. (under the sponsorship of a competent University)~~

4. (copy title)

ACTION:

Deferred until the next meeting.

5. (copy title)

Information Item Only

6. (copy title)

ACTION:

Deferred until the next meeting

7. Additives in Poultry [HEW Press Release of 12/10/59]

ACTION:

a) The Cabinet noted the thorough and careful consultations which had taken place (between) the Departments of Health, Education and Welfare and Agriculture, and between HEW and the affected producers and retailers, prior to the release of yesterday in order that there should ~~must~~ be no loss of public confidence in the wholesomeness of America's food supply.

b). The Cabinet noted Secretary Flemming's statement on carcinogenic additives generally (originating with the most competent research officials): at present there is no man living who can tell how much or how little of a substance which induces cancer in animals is needed to induce cancer in man; man in fact may be more sensitive to carcinogens than animals.

c) The Cabinet noted Secretary Flemming's recommendations for changes in the law:

~~1) to remove the discrimination against new applicants for the use of unacceptable additives while~~

THE WHITE HOUSE
WASHINGTON

Brad:

Morse called with this suggested change

(d) The Cabinet noted the statement of the Acting Secretary of Agriculture ~~referring to resulting problems created in Agriculture~~. pointing out that since Over half of the income of farmers from farm marketing is from livestock and livestock products an since It is ~~important~~ vital that consumer confidence and confidence of farmers be maintained, the ~~pult~~ poultry to be bought up by the Department of Agriculture will not be used in any way which will create problems of public ~~relations~~ policy ~~or governmental procedures.~~

cgw

i) To remove the new discrimination permitted in favor of holders of existing approvals for the use of unacceptable additives, when new applicants are being rejected.

ii) To redefine "food additives" so that drugs put into animal feed, of which no traces appear in the animal products eaten by humans, are not prohibited from use.

~~3. (copy title)~~

~~ACTION~~

d) The Cabinet noted the statement of the Acting Secretary of Agriculture that the poultry to be bought up by the Department of Agriculture ~~would~~ will not be used in any way which will ~~to~~ create problems of public policy.

8. (copy title)

ACTION:

~~In view of the interest of the District Commissioners and others in~~ With respect to arranging a suitable reception for the President upon his return, a query has been sent to clarify his arrival plans. In the meantime, any suggestions Cabinet members have should be directed to the Secretary to the Cabinet.

9. (copy title)

Information Item Only

ADDITIONAL ITEMS:

A. The Steel Situation

ACTION:

It was agreed that all Administration statements on this matter are to be avoided except as they directly support the President's ~~emphases~~ position in his speech of December 3.

Robert Gray
Secretary to the Cabinet

Golden Anniversary

WHITE HOUSE CONFERENCE ON CHILDREN and YOUTH

"... for a creative life in freedom and dignity"

MARCH 27-APRIL 2, 1960

WASHINGTON, D. C.

[illegible]

WHAT IT'S ABOUT

The Golden Anniversary Conference, to be held in Washington, D. C., March 27 to April 2, 1960, has been called "the greatest single undertaking of our time in behalf of our young people."

> *Its purpose*—"to promote opportunities for children and youth to realize their full potential for a creative life in freedom and dignity."
>
> *Its focus*—on the effects of our rapidly changing world on the development of our young . . . on appraising and reappraising the values and ideals we live by . . . on studying the factors that influence individual fulfillment—family, religion, education, health, community life.

Right now, several million citizens, plus private and public agencies at local, state, and national levels, are at work preparing for the Conference. The pre-Conference materials they are developing during the year before the Washington meetings, plus the plans for carrying out the recommendations in the decade that follows, point up this significant fact—

The Golden Anniversary White House Conference on Children and Youth is a process rather than six days of meetings—an eleven year process of earnest study and action that continues until the next Conference in 1970.

The 1960 Conference, bringing together some 7,000 delegates on invitation of the President, will provide the rallying point—the springboard for a concerted attack on virtually every question that affects the well-being of the next generation and hope for a more rewarding tomorrow. For this reason, it is truly a *total approach to the total concerns of young people.*

HOW IT BEGAN

In 1908 James West and Theodore Dreiser called on President Theodore Roosevelt to discuss the plight of orphaned children. So impressed was the President that on Christmas Day he personally addressed 217 invitations requesting people from all over the Nation to attend a White House Conference in January of 1909.

WHAT HAS HAPPENED

This first Conference gave impetus to the establishment of the United States Children's Bureau in 1912, the enactment of child labor laws, and the organization of the first national voluntary agency concerned with the welfare of children. In each decade that followed, a White House Conference on children and youth called by the President left its mark—

1919—Established national responsibility in setting minimum health and welfare standards for mothers and children.

1930—Produced the most comprehensive collection of data on the health and welfare of children ever assembled, including the Children's Charter.

1940—Led to strengthening of personnel and training standards in equipping American children "for the successful practice of democracy."

1950—Endorsed a platform for meeting the problems which prevent young people from achieving healthy personalities; developed machinery for continuing activity during the time between Conferences.

HOW IT IS ORGANIZED

The National Committee of 92 distinguished citizens appointed by President Eisenhower has been organized into major committees on Conference studies, interpretation, organization and arrangements, finance and follow-up.

Joined for Action—

A National Council of State Committees, representing governor-appointed committees from 50 states, three island territories, the District of Columbia and the Commonwealth of Puerto Rico.

A Council of National Organizations representing about 500 voluntary groups and . . .

An Interdepartmental Committee on Children and Youth representing 34 agencies of the Federal Government.

It's a Citizens' Conference—

"This Conference will be run by the people of the United States, acting through their local, state and national organizations in cooperation with the National Committee. . . . This is the only way that such a conference can truly reflect the desires and aspirations of the American people for the children and youth of this country." *Arthur S. Flemming, Secretary of Health, Education and Welfare.*

WHO WILL ATTEND

Invitations to the White House Conference in Washington will be issued by the President on recommendation of the Committee on Invitations and Credentials. The Conference participants will include nominees of State Committees and national organizations. Also attending will be 700 young people, national leaders and 500 international guests.

[illegible]

The financing will be derived in major part from the citizenry through grants from foundations and contributions by organizations, industry and individuals. . . . with the Federal Government providing funds in the budget of the Children's Bureau, Department of Health, Education and Welfare, for basic organization.

[illegible]

—*Urge* local and state groups to which you belong to inform themselves about the Golden Anniversary White House Conference.

—*Attend* meetings that are being held in the pre-Conference period to discuss problems of children and youth.

—*Join* in programs relating to children and youth that are under the sponsorship of your State Committee.

—*Act* to improve services in your community and state to meet the needs of children and youth.

—*Write* to your State Committee on Children and Youth to learn how you can participate in other ways.

[illegible]

GOLDEN ANNIVERSARY
WHITE HOUSE CONFERENCE
ON CHILDREN AND YOUTH
330 Independence Avenue, S.W.
Washington 25, D. C.

PRESIDENT'S NATIONAL COMMITTEE
for the
WHITE HOUSE CONFERENCE ON CHILDREN AND YOUTH

Honorary Chairman — President Dwight D. Eisenhower
Honorary Vice Chairman — The Honorable Arthur S. Flemming
Chairman — Mrs. Rollin Brown

Vice Chairmen

Dr. Hurst R. Anderson
Dr. Philip S. Barba
Mrs. James E. Blue
Mr. Robert E. Bondy
Mr. Erwin D. Canham
Dr. Donald K. David
Dr. Luther Foster
Mrs. Frank Gannett
Dr. Edward D. Greenwood
Dr. Daryl P. Harvey
Dr. Donald S. Howard
Dr. Ruth A. Stout
Rabbi Marc H. Tanenbaum
Rev. Dr. William J. Villaume
Msgr. Raymond J. Gallagher

Secretary — Mrs. Katherine B. Oettinger

Mr. John H. Artichoker, Jr.
Dr. Leona Baumgartner
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Miss Jacqueline B. Daise
Mr. Morton L. Deitch
Sister Mary de Lourdes
Mr. Lee C. Dowling
Dr. Martha M. Eliot
Dr. Jack R. Ewalt
Mrs. Otto L. Falk
Mrs. Crecene A. Fariss
Dr. Ruth Freeman
Dr. John W. Gardner
Dr. Zelma Watson George
*Dr. Eli Ginzberg
Mr. Melvin A. Glasser
Mr. Sherwin M. Goldman
Mrs. David Graham
Mr. Theodore Granik
Mrs. Gabriel Hauge
Mrs. Thomas Herlihy, Jr.
Miss Margaret A. Hickey
Dr. Reuben L. Hill, Jr.
Dr. A. John Holden, Jr.
Mr. Homer A. Jackson, Jr.
*Mrs. Berne S. Jacobsen
Mrs. J. Robert Johnson
Mr. Danny Kaye
Mr. W. W. Keeler
Mr. Philip M. Klutznick
Dr. Helen R. LeBaron
Rt. Rev. Arthur Carl Lichtenberger
Mr. Harry M. Lindquist
*Judge Donald E. Long
Mrs. Nicholas Longworth
Mrs. Robert H. Mahoney
Miss Susanna Matthews
Mrs. Alvin A. Morrison
Rev. Edward J. McGovern
Mr. Albert J. Nesbitt
Miss Vera L. Newburn
Rev. Dr. Guy D. Newman
Mrs. James C. Parker
Mr. Paul W. Philips
Captain Frank J. Popello
Dr. Walter L. Portteus
Mr. William L. Pressly
Dr. Samuel DeWitt Proctor
*Mr. Joseph Reid
Mrs. Laura G. T. Robinson
Mrs. Rutherford Rowan
Miss Karen Sanchez
Mr. Peter T. Schoemann
Dr. Arthur A. Schuck
Dr. Milton J. E. Senn
Dr. Alfred R. Shands, Jr.
Miss Gladys Sheridan
*Mr. Roy Sorenson
Miss Sue Stewart
Dr. Joseph Stokes
Mr. John Tannehill
Dr. Ralph W. Tyler
Miss Harriet L. Tynes
Mrs. Bowden D. Ward
Miss Collier Webb
Dr. Ellen Winston
Dr. Dorothy Woodward
Mr. Whitney M. Young, Jr.

Executive Committee is comprised of the officers and members at large whose names are preceded by an asterisk.

Executive Director — Ephraim R. Gomberg
Associate Director — Mrs. Isabella J. Jones

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THE WHITE HOUSE
WASHINGTON

December 16, 1959

MEMORANDUM FOR: Mr. Arthur Minnick
Mr. Brad Patterson ✓
Mr. Wayne Hawks
Gen. Robert E. Cushman, Jr.
Office of the Vice President

The attached letter from Mr. Salisbury of the Atomic Energy Commission, forwarding copies of questions and answers regarding the scientific validity of the situation portrayed in the movie "On the Beach" are forwarded for your information.

JIC
J. I. Coffey
Office of the Special Assistant
to the President for
Security Operations Coordination

Attachment:
From Mr. Morse Salisbury,
December 11, 1959.

OFFICIAL USE ONLY

COPY

UNITED STATES
ATOMIC ENERGY COMMISSION
Washington 25, D. C.

December 11, 1959

Mr. Richard Hirsch
Operations Coordinating Board
Washington 25, D. C.

Dear Dick:

Attached are six copies of the Questions and Answers regarding the scientific validity of the situation portrayed in the movie, "On the Beach." This has been provided to the Chairman of the Commission. Attached also are six copies of a general discussion making the same points which have been discussed informally with several members of the Joint Committee on Atomic Energy of the Congress and with Dr. Shields Warren.

As you will see, we recommend that comment be refused on the picture. However, we hardly can refuse comment on the question of whether or not the situation portrayed in the picture without reference to the picture has scientific validity. You may want to provide these items to members of the Working Group.

Sincerely yours,

/s/ Morse Salisbury

Morse Salisbury
Director
Division of Information Services

Attachments (2)

COPY 12/8/59

POSSIBLE QUESTIONS AND SUGGESTED ANSWERS ON THE FILM, "ON THE BEACH"

Q. Do you have any comment on the film, "On the Beach?"

A. Obviously, the film is a work of fiction rather than a documentary movie. I don't think that it is the business of Government officials to comment on fictional presentations. I am not a movie critic, and am not particularly qualified to discuss the film's dramatic qualities or the performances of the actors.

Q. Do you think that the film portrays a situation which could actually occur? In other words, could a nuclear war release so much radioactivity into the atmosphere that it would destroy all human life in the Northern Hemisphere and then do the same in the Southern Hemisphere some months later?

A. No, I don't think that this could happen. It might be theoretically possible to release enough radioactivity to destroy all human life, but this would take hundreds of thousands, or even millions, of megatons of detonations spaced around the globe. This is a fantastic number of detonations, going far beyond any conceivable military requirements, and it is incredible to me that such a situation would occur.

Q. If nuclear warfare would not destroy all human life, how much destruction would it cause?

A. The Special Subcommittee on Radiation of the Joint Committee on Atomic Energy gave extensive consideration to this question last summer during hearings on "Biological and Environmental Effects of Nuclear War." The

(more)

Subcommittee assumed a hypothetical nuclear war involving the detonation of somewhat more than 1400 megatons (half fission) in the U. S. and another 2500 megatons elsewhere in the Northern Hemisphere. Under these conditions, it was estimated that about 30 percent of the U. S. population would be killed. This would be terrible destruction indeed, but it would not be total destruction.

The effects on countries not subjected to direct attack would be much less. These countries would not suffer blast, burn and immediate radiation damage, which accounted for 75 percent of the assumed deaths in the U. S. The levels of fallout radioactivity in other parts of the world would be much less than in a country subjected to attack. Fallout has a rapid initial decay rate, and its concentrations also would be reduced by dispersal and dilution with normal air as it moved into other parts of the world.

The Summary-Analysis of the Radiation Subcommittee's Hearings stated: "The worldwide strontium-90 fallout resulting from the assumed attack would not pose a major survival problem in countries not attacked." In regard to the genetic effects on future generations, the Summary-Analysis stated: "The worldwide fallout hazard... would not be very important in terms of the survival of the countries not attacked or not in the downwind fallout patterns."

Of course, the destruction would depend upon the magnitude of the war and the protective measures taken, but I cannot conceive of a situation where all human life would be destroyed.

(more)

Q. Could people protect themselves in the event of a nuclear war?

A. Protective measures could save a great number of people. The Radiation Subcommittee's Summary-Analysis stated: "Probably the most significant finding presented to the subcommittee was that civil defense preparedness could reduce the casualties of the assumed attack on the United States from approximately 30 percent of the population to about 3 percent." If people were faced with the threat of fallout radioactivity from nuclear war, I believe they would do everything possible to save themselves, rather than waiting passively for death which many of them could avert by protective measures.

Reply to a question on whether destruction to mankind could occur in the manner portrayed by the movie, "On the Beach"--through a nuclear war which destroyed life in the Northern Hemisphere at once and generated radiation which after a lapse of some months spread to the Southern Hemisphere.

The theme of the motion picture, "On the Beach," is one of science fiction and not of scientific fact. The film contains serious scientific errors.

Briefly, the film portrays a situation in which radioactivity from a nuclear war has destroyed all human life in the Northern Hemisphere, and in which the atmospheric radioactivity moves toward the Southern Hemisphere some months later in concentrations sufficient to destroy all human life there in a matter of days. This hypothetical situation obviously is a dramatic one, but it is unrealistic because it is based upon incorrect assumptions.

Two of these assumptions are particularly untrue. They are that a large-scale nuclear war would create effects including radioactivity sufficient to wipe out all life including that at places remote from the detonations; and that people could not or would not take measures to save their lives but would await death passively.

There is a great deal of scientific information available on these points. The most recent compilation of such data was made in the summer of 1959 when the Special Subcommittee on Radiation of the Joint Committee on Atomic Energy of the U.S. Congress held hearings on the "Biological and Environmental Effects of Nuclear War."

Testimony presented at these hearings indicated that, while persons some hundreds of miles downwind from a very large nuclear detonation would be in danger from the fallout radiation, there would be many survivors even in a country subjected to nuclear attack. The Committee's Summary-Analysis of

Hearings stated: "The worldwide strontium-90 fallout resulting from the assumed attack would not pose a major survival problem in countries not attacked." In regard to the genetic effects of future generations, the Summary-Analysis stated: "The worldwide fallout hazard ... would not be very important in terms of the survival of the countries not attacked or not in the downwind fallout patterns."

One of the reasons why people in remote areas would not be as seriously affected is that fallout radioactivity has a rapid initial decay rate. As a rough approximation, the radioactivity decreases tenfold for every sevenfold increase in time; that is, at the end of seven hours its initial radioactivity is decreased tenfold; at the end of 49 hours, one-hundredfold and at the end of about two weeks, one-thousandfold. Dispersal by weather also decreases the initial concentrations. By the time radioactivity has moved into the Southern Hemisphere from a nuclear war in the Northern Hemisphere, its intensity would be tremendously reduced.

Lastly, protective measures could save many lives even in areas of heavy fallout. It is extremely important for people to realize this so that lives would not be lost needlessly if nuclear warfare ever were to occur. For example, the Joint Committee's Summary-Analysis stated: "Probably the most significant finding presented to the subcommittee was that civil defense preparedness could reduce the casualties of the assumed attack on the United States from approximately 30 percent of the population to about 3 percent."

The Joint Committee assumed a hypothetical limited war involving the detonation of something over 1400 megatons of (half of it fission) in the U.S. and another 2500 megatons in the U.S. bases or in other countries. A larger attack would produce more casualties, but the destruction of all human life (as envisaged in the picture) would require a fantastic number of detonations--hundreds of thousands or millions of megatons--spaced around the globe. Such warfare would go far beyond any conceivable military requirements and it is incredible that it would occur.

The consequences of nuclear warfare would be terrible indeed, and no one should belittle them. However, as the Joint Committee pointed out: "Simply to understand that 'unprecedented destruction' is not the same as 'unlimited destruction' . . . is crucial to intelligent discussion of the issues."

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CABINET PAPER—PRIVILEGED CI - 59-64

Property of the White House—For Authorized Persons Only

December 7, 1959

The White House

Washington

THE CABINET

"On the Beach" - Joint USIA-State Information Guidance for Missions Abroad

For information of members of the Cabinet, attached is a copy of the joint USIA-State INFOGUIDE 60-24 of December 4, 1959.

This guidance for U.S. officials in posts abroad was prepared by the U.S. Information Agency and cleared with the Department of State; (there was also consultation with OCDM). The matter has been discussed at meetings of the Operations Coordinating Board.

The attached Infoguide is circulated to the Cabinet in conjunction with the remarks on the film in question (and on its Washington showing) at the coming Cabinet meeting by the Special Assistant to the President for Security Operations Coordination.

Robert Gray
Secretary to the President

DECLASSIFIED
E.O. 11652, Sec. 11
MR 78-127 #1
By J.W. Date 8-10-78

CABINET PAPER

For Information

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OUTGOING U. S. INFORMATION AGENCY
MESSAGE
VIA POUCH

INFOGUIDE 60-24 DECEMBER 4, 1959
USIA CIRCULAR
SENT TO: JOINT USIA-STATE PRIORITY

INFOGUIDE: "On the Beach"

"On the Beach," a major Hollywood treatment of nuclear war, will be simultaneously premiered in the US and fifteen other countries on December 17. The premieres are being heralded with extensive publicity and will probably attract wider-than-usual audiences. Moreover, the controversial aspects of the film may well result in additional publicity. (For list of premiere cities and synopsis of film, see "BACKGROUND" at end of this message). Posts are requested to report initial press and public reaction to the film by telegram.

The film, which is highly fictionalized and contains scientific inaccuracies, raises once again the general question of what is to be done about nuclear weapons. Its strong emotional appeal for banning nuclear weapons could conceivably lead audiences to think in terms of radical solutions to the problem rather than in terms of practical safeguarded disarmament measures. To a limited extent, however, it may offer opportunities to turn this emotional response into intellectual support of our quest for safeguarded disarmament.

GUIDANCE:

Our attitude should be one of matter-of-fact interest, showing no special concern; it should reflect the fact that the issues raised by the film are not new, but have been articulated by thoughtful people over more than a decade. We should refrain from public criticism of the film, which would be counter-productive; on the other hand, we should carefully avoid any implications of U. S. government approval. We should, however, be ready to discuss the film in private conversation, and give a reasoned opinion on it when appropriate. In this connection, officers who may expect to be discussing the film should not hesitate to see it if this can be done without implying approval.

While recognizing that little can be done to affect the film's impact on foreign audiences, we believe the following points, which bear on this question and certain constructive answers to it, may be useful as appropriate in private discussions with government officials or opinion leaders:

1. Though fictional from the scientific viewpoint (see point 2) the film will take most viewers through a strong emotional experience. Actually, the greatest impact of the film for thinking people should be to underline once more the vital importance of achieving safeguarded disarmament.

In this connection these special points may be noted:

a. To avoid a catastrophic war, the U.S. since 1945 has placed special emphasis on achieving a safeguarded disarmament agreement covering both nuclear and conventional arms. This effort to do something about the threat of accumulating armament holds new promise of bearing fruit. The Geneva test ban

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negotiations and the scheduled resumption of general disarmament negotiations in 1960 suggest that with patience and persistence, real progress is attainable;

b. Until safeguarded disarmament is achieved, the US and its allies must maintain armed strength to deter aggression and for self-protection if conflict should break out;

c. Disarmament is indivisible -- must be pursued both for nuclear and conventional weapons -- since to reduce nuclear arms alone would be to renounce the free world's counterweight against superior Soviet-bloc conventional forces;

d. War itself is the real evil, not any particular weapon. Conventional weapons kill just as effectively as nuclear weapons; morally there is no distinction.

2. It will be unfortunate if the scientific inaccuracies of the film mislead people and drive them to pressure for ban-the-bomb-type solutions to the nuclear weapons problem.

The two basic flaws in the film's treatment of the scientific aspects of fallout may be noted:

a. Fallout radiation diminishes so rapidly with time and distance from the source that it would be inconceivable for people a long distance away to be killed by fallout from a nuclear conflict -- even assuming that maximum possible bombs were dropped. For example, no one in the southern hemisphere would be killed, or probably even made sick, by a nuclear war as far away as the northern hemisphere. Effect of fallout radiation from a nuclear conflict would be confined to countries directly attacked or those close by. Thus, unless active hostilities were to spread to every part of the globe, a nuclear conflict would not mean "the end of the world".

b. The assumption that nothing can be done to protect people from fallout is wrong and is highly misleading. Much could and would be done. Civil defense tests carried out under actual nuclear bomb explosion conditions have amply proved that effective measures can be taken against fallout (chiefly shelters and decontamination). As far away as another hemisphere, however, if any protection at all were needed an ordinary basement would suffice.

(NOTE: The latest authoritative statement of these points is contained in the June 1959 hearings of the Radiation Subcommittee of the Joint Committee on Atomic Energy of the U.S. Congress, which was airpouched to USIS posts September 20 in a pamphlet entitled "Biological and Environmental Effects of Nuclear War". See pages 8 and 53.)

3. The film grossly misconstrues the basic nature of man. The resort to mass suicide is not only unnecessary but wholly fatalistic, misinterpreting the vitality of the human spirit. It is inconceivable that even in the event of a nuclear war, mankind would not have the strength and ingenuity to take all possible steps toward self-preservation.

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Property of the White House—For Authorized Persons Only

BACKGROUND:

1. World premiere

Advance promotion for "On the Beach" has been on an unprecedented scale, and has included extensive advance showings to film critics, government agencies and other groups in the US and abroad. The simultaneous world premiere December 17 includes four cities in the US (New York, Chicago, Los Angeles and Washington) and fifteen cities in other countries, as follows: Amsterdam, Berlin, Caracas, Johannesburg, Lima, London, Madrid, Melbourne, Moscow, Paris, Rome, Stockholm, Tokyo, Toronto and Zurich. The Moscow premiere was an added starter, announced November 29.

2. Synopsis

"On the Beach", produced by Stanley Kramer and distributed by United Artists, follows closely the 1957 novel of the same name by Nevile Shute.

The story takes place in 1964, following a major nuclear war which is frequently mentioned but never specifically described. The action is mainly in Australia, which is pictured as the last place in the world where life still goes on, because the fallout has not reached there yet. The characters in the film are gripped by a sense of impending doom, since it is predicted the fallout will arrive in Australia in five months. Daily life consists largely of attempts at diversion through preoccupation with business-as-usual, excessive drinking, etc. The chief actors are Gregory Peck, Ava Gardner, and Fred Astaire.

Action opens as the sole surviving U.S. naval vessel, a submarine, makes its way to Australia. The Australian government assigns the captain to take his ship and crew on an inspection tour to check radioactivity levels. The ship calls at San Francisco, which is intact but completely empty of people as seen through the periscope. A visit is then made to a similarly deserted oil refinery near San Diego to check the source of a mysterious, incomprehensible radio signal; a plastic-suited investigator from the ship finds a transmitter key being randomly tapped by a coke bottle caught in the blowing drawstring of a window shade.

On the submarine's return to Australia, people are beginning to get sick from fallout. There is no discussion of preventive measures; everyone implicitly agrees that there is nothing to be done. The people queue up for suicide pills, to be used when the time comes. A shot of people gathered for a revivalist meeting in a town square focusses on a banner reading: "Brother, there is still time..." The submarine crew decides to return to the U.S. to die. The picture ends with a reprise of the town square, this time with no people, and a final shot of the banner: "Brother, there is still time..."

SENT TO:

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BONN
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CABINET PAPER

For Information

~~CONFIDENTIAL~~

INTRODUCTION

Mr. Vice President, my purpose this morning is to report what the General Services Administration has done and may, within its authority, do about a piece of surplus Federal property located in New York harbor.

This property - 27.5 offshore acres - is Ellis Island which, through the years of its operation as an Immigration and Naturalization station, served as a first stop on the road to United States citizenship for more than 20,000,000 Americans of foreign birth.

Because of its history and the use to which it was put for some sixty years, Ellis Island occupies a unique position in the public mind, especially among certain groups which regard it with the same reverence the descendants of the Pilgrims have for Plymouth Rock. I would like to take a few moments to review some of this history because, it accounts in large measure for the reaction which results each time we make a move toward disposing of the Island.

HISTORY

Ellis Island has carried such picturesque names in the past as Kioshk, Gull, Oyster, Bucking and Gibbet Island. It originally was an oyster fishery, consisting of a scant three acres of land lying just north of Bedloe's Island, where the Statue of Liberty now stands, between the New Jersey and New York shores.

In 1808, the State of New York, which had obtained the island from a New Jersey farmer named Ellis, ceded it to the Federal Government for $10,000. Ellis Island was used as a powder magazine and arsenal and as the site for the harbor defenses of Fort Gibson before the Immigration station was established in 1892.

Since the Federal Government acquired the island, it has been expanded several times, ~~as this exhibit shows~~. By 1934, the former three-acre oyster fishery had become a self-contained city covering 27.5 acres. It is reliably reported that much of the island's expansion was accomplished with soil ballast brought from all over the world by ships arriving to pick up cargo in New York. Thus, the island itself represents as many lands as did the millions who embarked there.

From 1904 to 1914, at its peak of use, Ellis Island played host to an average of 872,235 immigrants a year. Between 1907 and 1909 when the tide of future citizens was at flood, arrivals averaged 5,000 each week-day for 1,000 consecutive days.

The Immigration Act of 1917 - the strict security regulations imposed during World War I when the island served as an internment camp - and later, the Quota Act of 1921 all served to reduce immigration so drastically that by 1932 only 35,000 newcomers were arriving at Ellis Island each year.

Other restrictions followed. By 1954, the Immigration and Naturalization Service decided that final processing of the few immigrants who were entering the country could be accomplished as efficiently and a good deal more economically from a station in downtown Manhattan, so it closed out its island depot and moved to the mainland.

A survey by GSA proved the property excess to the requirements of all Federal agencies. The island is now, as it has been for over four years, surplus to Federal needs and therefore eligible for disposal.

ELLIS ISLAND TODAY

For a better understanding of the problem, I would like to take you on a brief bird's eye tour of Ellis Island. (Exhibit 1) This picture shows the position of the island, within the red circle, in relation to other landmarks in New York harbor. Governors' Island and Brooklyn are at upper right; Bedloe's Island, with her famous lady resident at center right. Downtown Manhattan, one mile away, is at upper left - the New Jersey shore, only 1/5 mile from the island, is in the foreground.

Let's move in for a closer look. (Exhibit 2) This aerial photograph shows, among other things, the proximity of the island to the Jersey piers - only a few hundred yards of open water lie between the two points. Moving clockwise from lower left are the old wards, suitable for conversion to dormitories or small apartments, recreation hall, ferry building, power plant, and main building. The administration building is just to the left of the slip.

Coming down for a lower view (Exhibit 3) it is possible to see not only the [redacted] buildings [redacted] on the property but also the island's floating asset, the ferryboat "Ellis Island" which used to ply back and forth to the Battery.

(Exhibit 4) Here is an interior view of the recreation building and (Exhibit 5) a close-up of the exterior of the turreted Main building. The massiveness of these and other Island structures, mostly built of brick, makes for extremely high demolition costs. These are estimated at $1,200,000.

There are 35 buildings on Ellis Island. These provide over 1/2 million square feet of space and such special facilities as a library, infirmary, cafeteria, kitchens, dining room, post office and school. Other improvements include wharves, docks, seawalls and a complete sewage, utility and water system.

POSSIBLE DISPOSITIONS

As you may know, GSA has an obligation to dispose of surplus properties in the mannerrmost beneficial to the Government. With many properties, the best disposition is through "sale" which permits us to return funds to Secretary Anderson's rather hard-pressed Treasury. In some cases, the best use of a property is for health or educational purposes. When such acceptable purposes develop, we can assign a property to Secretary Fleming's Department of Health, Education and Welfare for transfer to a qualified applicant without cost or at a fraction of cost. We also have the authority to transfer surplus properties to state or local governments - at 50% of fair market value if the intended use is for a public park or for recreation - and without reimbursement if the property is to be used for an historic monument. We are guided by the recommendations of the Secretary of Interior on the suitability and desirability of ~~its use~~ these latter uses proposed.

PROPOSALS FOR USE

The proposed disposal of Ellis Island has generated more correspondence and comment than any other property we have had on our books. It is not surprising that the greatest support has been for the utilization of the island for a philanthropic rather than a commercial purpose. In the past two and one half years we have been flooded with proposals but unfortunately none of these have met the requirements ~~of the~~ Federal Property and Administrative Services Act of 1949 which would enable us to take the action desired by their sponsors under the

These proposals - there are hundreds - cover every imaginable use - and some that clearly challenge the imagination.

There are those who would have Ellis Island made into a center for medical research...for gifted adults...the aged and infirm...mental patients...delinquent youths...Scouting organizations - and for the rehabilitation of derelicts, alcholics, and drug addicts. Use of Ellis Island as a national shrine or for an ethnic museum has had recurrent support. I understand a bill in favor of the latter use has been introduced in the Congress.

Every proposal has received careful study, although we regarded with more amusement than seriousness one submitted by an enterprising group of your California neighbors, Mr. Vice President. They wanted to acquire the property as a site for an illuminated sign reading: "3,152 miles to Los Angeles." Another gentleman, with a penchant for solitude, offered us $5 for the island so he could sit and watch the ships go by.

GSA DISPOSAL ACTION

Although the Government has invested over $6 million in the land and improvements, three rounds of bidding over the last two years have failed to produce an offer of more than $1,025,000. Competent appraisers, after a detailed study, have informed us that the land alone should have a fair market value of $600,000, and with improvements a fair market value of $5,600,000.

Ellis Island was declared surplus on March 15, 1955. For the next eighteen months, we kept the door open for any and all proposals for its public use. During that period we held extensive consultations with officials of the State and City of New York, the State of New Jersey, the Department of Health, Education and Welfare and the Department of Interior's Park Service regarding possible need for the property for public health, education, park, recreational or historic monument purposes. No formal applications were received.

On September 18, 1956, we advertised the property for sale, calling for sealed bids to be opened a month later. This decision met with such public resistance that the island was taken off the market and we started again on a hunt for an acceptable utilization plan. From September, 1956, to January, 1958, we canvassed the country. Again, no acceptable proposals were received. So we went back on the market with the island. On February 14, 1958, we opened 21 bids ranging from .05¢ to $201,000. At Senatorial request, action on bids was withheld to allow time for the Federal government and the state and city of New York to study the feasibility of using Ellis Island as a hospital for narcotic addicts. A negative report was received.

In April of that year, all bids were rejected and GSA's Regional Office in New York was authorized to negotiate with any and all interested parties. From that date until February of this year - almost a year - the property was open for inspection and we were open to suggestion - but no acceptable use or offer to purchase materialized. So we again put the island up for sale.

The second bid opening produced 23 bids ranging from 50¢ to $671,000.

These were rejected as not being commensurate with the appraised fair market value. ~~Bids were again taken~~ Offers for purchase of the island were again received on November 2 of this year and 11 ~~bids~~ offers were received, several of which are worthy of consideration.

1. Sol G. Atlas has submitted an offer of $1,025,000 in the name of the Atlas Buffalo Center, Inc. It is noteworthy that Mr. Atlas ~~has~~ was ~~submitted offers~~ the highest bidder at the two previous bid openings. In each instance his offer has been increased substantially, his first offer being $201,000 and his second $671,000. The Atlas firm's plans for use of the island include the erection of a first-class hotel, apartment dwellings, cultural facilities such as a concert hall and language school, a park area for summer festival of drama and music, and facilities for boating, swimming and skating. The Atlas offer provides for a down payment of 15% with the balance being amortized over a period of 15 years with interest at 4%.
2. Theodore Granik, in the name of "Youth Wants to Know" has offered $1,000,000 for the island. His offer, however, is contingent upon a determination by the Supreme Court of the United States that the island is a part of the State of New York, a view likely to be strongly

contested by the State of New Jersey. Mr. Granik proposes to develop the island into a center for senior citizens by the construction of middle income housing together with all related facilities required to service the needs of the people.

subject to correction if deposit not received.

3. H. Jerome d'Amato and Elwood M. Doudt of New York have offered $700,000 for the property. They propose a self-contained city on the island designed as an ultra-modern city of the future. Their plans were prepared by Frank Lloyd Wright and his Foundation and were completed just a few days before Mr. Wright's death. Estimated cost of the project is $90 million. Terms of the offer **bid are 20% cash, with the remainder over a period of 15 years at 4% interest.**

4. The Committee for an International Institute, Inc., through its Chairman, William M. Brennan, has submitted a proposal for use of the island as the site for training representatives of American business for serving in countries abroad. The plan, as conceived, would be primarily supported by private industry and various foundations. The Committee has submitted a bid of $20.00. Secretary Herter, Secretary Flemming, and USIA Director George Allen have expressed interest in such a concept, as have some leading American corporations. Some Congressional support has also developed for the plan.

As conceived, the project would utilize remaining buildings to the extent possible, thus assuring that the general appearance of the island would remain pretty much as it has for a number of years. An estimated six to eight million would be required to rehabilitate the island for the Institute.

Cornell University would take the lead in the formation of a consortium of five or six universities to sponsor the International Institute. The University has agreed to undertake a study of the feasibility of the plan if Brennan will underwrite the estimated cost of $55,000. He has a conditional commitment of $5,000 from the Richardson Foundation for this purpose and hopes to cover the balance with grants from other foundations.

At this time, it appears that much work and fund raising remains, to be done before the feasibility of the plan could be determined and before the Committee would be in a position to qualify under the donable property law whereby DHEW could recommend that GSA transfer the island at no cost.

5. Professor Karl J. Ewerts, President and Founder of The Inter-National University Foundation, Inc., through legal counsel has offered $350,000 for the island as the campus of a proposed international university. The offer provides for $70,000 down with the balance in 15 annual installments at 4% interest. No bid deposit, however, has been submitted.

The Foundation is endorsed by a number of prominent persons including Dr. Albert Schweitzer, who is Honorary Chairman of the Foundation's Council.

This organization, which has filed a formal application with DHEW for use of the property, would retain only a few of the existing buildings. Most of the structures would gradually be replaced.

6. The Shotmeyer Bros. Company, of Hawthorne, New Jersey, have expressed an interest in building a $16,000,000 supertanker terminal on the island. Existing facilities would be demolished and replaced by 23 oil storage tanks and berths for seven or eight supertankers. The Shotmeyer Bros. point out that at present there are no such facilities in the United States. Supertankers must discharge their cargoes to small vessels which in turn must transfer the cargoes to terminal facilities adjacent to shallow water.

   The brothers most recent bid ~~in~~ is $201,000, but they have indicated a willingness to sit around a table and bid competitively for the property with anyone.

7. The St. Anthony Oil and Gas Co. of New York City has offered $1,000,000 cash for the property for use as a self-contained community where men could work and live. Preliminary plans include a 35 story addition to the main building as well as luxury, medium, and low-

cost housing. The firm, however, has not submitted a bid deposit as required by the terms of the Invitation for Bids.

8. Finally, Irving Schneider, an attorney of New York City has offered in behalf of undisclosed principals to lease the island for a period of 15 years at a rental of $35,000 per year. Mr. Schneider ~~proposes~~ advises that his principals propose to construct an amusement park patterned after Disneyland in California.

ALTERNATIVES

As I see the problem, we have three alternatives at this time:

1. We can accept the highest offer that four years of effort has produced, that of the Atlas-Buffalo Center for $1,025,000. Strictly from the business man's viewpoint, this is probably the best solution. It would return a sizeable sum to the Treasury and relieve us of the burden of maintenance and protective custody, which is running about $101,000 annually. At the same time a valuable piece of property would be returned to the tax rolls. I realize, however, that there are other considerations involved which may well be overriding in this case.

2. We could reject all bids as not being commensurate with the appraised fair market value of the property. This in effect, of course, is to do nothing, but such a decision might result in less public criticism than a "give away" sale for commercial purposes. At the same time it would provide additional time for the development of plans and financing by organizations proposing to use the island for philanthropic purposes. Failing these, the property could be put on the market again at a future date. It is well to note that each time bids have been taken a substantially higher offer has been received--more than enough to offset maintenance costs.

3. Finally, a another ~~more~~ positive approach could be taken by rejecting all bids and requesting the Department of Health, Education, and Welfare, with the President's approval, to develop an~~d~~ appropriate use for the property. I am inclined to believe that this may be the wisest course of action.

Since this historic island could well become a cross for all of us to bear I would appreciate the Cabinet's guidance, and yours, Mr. Vice President, in seeking a solution that would benefit the nation -- and the Administration.

FOR RELEASE AT CONCLUSION
OF NEWS CONFERENCE

Statement*
By
Arthur S. Flemming
Secretary of Health, Education, and Welfare

The Delaney clause of the Food Additives Amendment of the Federal Food, Drug and Cosmetic Act provides that "no [food] additive shall be deemed to be safe if it is found to induce cancer when ingested by man or animal." This provision applies automatically in the case of new applications for the use of such additives.

Drugs which leave residues in food and which are being used in accordance with permission granted prior to the enactment of the amendment are exempted, until a finding is made that their continued use is unsafe.

The [illegible] Eisenhower Library

In May of this year the Food and Drug Administration published a statement of policy which brought to a halt the submission of new applications for any uses of diethylstilbestrol which result in the drug being present in either animal or human food. This action was taken because stilbestrol has been shown to induce cancer in test animals when it is included in their diet over comparatively long periods of time.

The testing methods used to detect residues of stilbestrol in meat and poultry have been developed and refined over a period of several years and, I am advised, are now so sensitive as to reveal traces of the chemical as small as two parts per billion.

Since the May statement, the Food and Drug Administration has been making an intensive re-examination of the use of stilbestrol in the raising of beef, cattle, sheep and poultry. As a result of this review, we have decided to take certain actions.

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*Released at News Conference, Washington, D. C., Thursday, December 10, 1959.

The principal agricultural use of stilbestrol is in the raising of beef cattle, either as an addition to cattle feed or as pellets implanted in the ears of the cattle. It is also used in the raising of about 1 percent of the chickens grown in this country.

Commissioner of Food and Drugs, George P. Larrick, has advised me that no residues of the chemical have been found in beef, mutton, or lamb. Stilbestrol is not used in hogs. The American people, therefore, can purchase beef, mutton, lamb, and pork -- and with the voluntary actions that are described in this statement can also purchase poultry -- with the assurance that such foods contain no detectable residues of stilbestrol.

The facts relative to the use of stilbestrol in poultry are as follows:

1. The distribution of stilbestrol by authorized producers for use in the poultry industry is in compliance with the rules and regulations of the Food and Drug Administration. This means that the approval of stilbestrol-treated poultry by the Food and Poultry Inspection Services of the Department of Agriculture has been in complete harmony with the decisions of the Food and Drug Administration.

2. The use of stilbestrol in the raising of poultry is confined almost exclusively to chickens, and only about 1 percent of the chickens produced in this country are treated with stilbestrol.

3. There is now incontrovertible evidence, developed since the original authorizations for the use of stilbestrol in poultry were granted, that very small residues are present in poultry treated with this substance.

4. The residues are confined to the skins, livers, and kidneys of the slaughtered birds. No residues have been found in the white meat or the dark meat of treated birds.

On the basis of the facts with respect to residues of stilbestrol in poultry, we have taken the following steps:

1. We have requested that the authorized manufacturers of stilbestrol for use in poultry immediately suspend the sale of this product.

This the manufacturers have agreed to do.

2. We have requested representatives of the poultry industry and the retail food industry to arrange for the immediate discontinuance of the sale of treated birds to consumers.

On the basis of conversations with these representatives I am confident that this will be done.

I should like to emphasize that the actions being taken are entirely voluntary. This is true both with respect to the discontinuance of the sale of stilbestrol and the sale of poultry treated with stilbestrol insofar as representatives of the poultry industry and the retail food industry could speak for these industries. The course being pursued by the Department in this matter is not based on any violation of the Federal Food, Drug and Cosmetic Act.

The plan outlined above has been made possible by the fact that chickens which have been treated with stilbestrol can be identified by the retailer.

As previously indicated, we are assured by the poultry industry that about 99 percent of the dressed poultry on the market has never been treated with stilbestrol. Further, the canners and freezers of poultry products tell us that treated poultry is not used in these products.

I have asked Dr. Roy Hertz, Chief of the Endocrinology Branch of the National Cancer Institute, who has taken part in the various discussions which have led up to the actions taken, to summarize his views of the situation. His statement is as follows:

"Stilbestrol is a synthetic compound which has many of the biological and medical properties of the female sex hormone.

"It is known to produce a variety of tumors in several species of experimental animals. However, it can do this only after very prolonged administration which in most instances represents approximately one third of the life-span of the test animal. In very rare instances cancers have risen in patients after very prolonged use of stilbestrol and some physicians have been led to conclude that stilbestrol was a causative factor in these cases. It would therefore seem desirable to eliminate the hazard, no matter how small, of the prolonged consumption of this material in one's diet from year to year.

"The early removal of hormone-treated poultry from the market will effectively eliminate the continued exposure of the consumer to this potential hazard.

"It is important to bear in mind that the use of stilbestrol for agricultural purposes has no bearing whatsoever on the use of this drug in the practice of medicine. Medical use of stilbestrol was first authorized in 1941. The drug can only be sold on a physician's prescription and therefore is administered only under medical supervision.

"It is generally agreed among physicians that drugs of this type are quite useful in the control of the symptoms of many patients without significan hazard under the usual conditions of clinical practice."

On the basis of the above statement and on the basis of the voluntary actions taken by the drug industry, and being taken by the poultry industry, and the retail food industry, consumers can buy poultry with full confidence that it is safe and wholesome.

# # #

COPY DEPARTMENT OF AGRICULTURE COPY
Office of the Secretary
Washington

December 10, 1959

Dear Mr. Secretary:

We have appreciated being advised in advance of the arrangements you have negotiated with the manufacturers of diethylstilbestrol licensed by the Food and Drug Administration for them to suspend the sale of this product for use in the production of poultry. Further, you have assured us that the retail food industry is willing to withdraw the treated poultry from sale.

The Department of Agriculture will buy the treated poultry which is the subject of the new announcement of the Secretary of Health, Education, and Welfare, and will divert this poultry to other usage. This will be done with Section 32 funds. Details of this program will be announced shortly.

Poultrymen and the poultry trade have acted in good faith and in accord with the law and regulations in the handling of poultry now in production and in the channels of trade. It is only fair and equitable that relief be provided for the difficult inventory position in which they now find themselves.

Sincerely,

/s/ True D. Morse

True D. Morse
Acting Secretary

Honorable Arthur S. Flemming
Secretary
Department of Health, Education, and Welfare

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CA - 59-144

December 17, 1959

The White House

Washington

THE CABINET

Agenda

10:00 A.M., Friday, December 18, 1959

1.	Investigation of Crimes Involving Government Officers and Employees	(5 USC 311a)	The Attorney General
2.	Report on the Work of the President's Committee on Government Contracts	CI - 59-65	The Vice President
3.	Report and Follow-Through on His Recent Trip	(Oral)	The Chairman, Republican National Committee

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1

By SHC NLE, Date 8-12-76

MINUTES OF CABINET MEETING

December 18, 1959

10:00 a.m. -- 12:00 Noon

The following were present:

Vice President Nixon

Sec. Herter
Mr. Baird
  for Sec. Anderson
Mr. James Douglas
  for Sec. Gates
AG Rogers
Sec. Seaton
PMG Summerfield
Mr. Philip Ray
  for Sec. Mueller
Mr. True D. Morse
  for Sec. Benson
Sec. Mitchell
Sec. Flemming

Mr. Maurice Stans, BoB
Gov. Hoegh
Amb. Lodge

Dr. Saulnier, CEA
Mr. John McCone, AEC
Sen. Thruston Morton, RNC
Mr. Ab Herman, RNC

Gen. Persons
Mr. Robert Gray
Mr. Anderson
Mr. Gordon Gray
Mr. Harr
Mr. Harlow
Mr. Kendall
Dr. Kistiakowsky
Mr. Lyons
Mr. McCabe
Mr. Merriam
Mr. McPhee
Mr. Paarlberg
Mr. Price
Mr. Patterson (in part)

(The following Minutes should be read in conjunction with the Record of Action (RA 59-144) of this meeting.)

Investigation of Crimes Involving Government Officers and Employees - The Attorney General cited several cases involving ICA, Interior, and Agriculture where the Justice Department has learned about the allegations of criminal activity first through the newspapers or, more embarrassingly, from Congressional Committees. He emphasized that failure to report was in itself a violation of the law. It will be particularly important to give attention to this problem this coming year when there will be Congressional attempts to embarrass the Administration.

Sometimes the agencies themselves are making investigations so there is no question but that they know of the existence of the allegations. They should let Judge Walsh and the FBI both know immediately.

~~CONFIDENTIAL~~

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DETERMINED TO BE AN
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E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

Government Contracts Committee - Mr. Ferman emphasized that the job of integrating minority group members, particularly Negroes, into the work force, actually gets done only when hard and fast specific commitments have been secured from contractors. By "specific" he meant commitments which spell out the fact that a definite number of qualified Negroes will be employed within a given period of time in jobs from which they have traditionally been barred.

Putting up posters, making general personnel policy statements, accepting applications from "all qualified persons," and hoping that someday qualified Negroes will apply and be hired is not the answer. Time is working for the Committee, however; the country itself is moving toward a more widespread distribution of Negroes throughout the population and a more widespread distribution in every walk of occupational life. Mr. Ferman mentioned several areas where there had been break-throughs in several months such as the Latex Plant in Dover, Delaware, in a plant in Greensboro, North Carolina, in General Dynamics - Convair, and in Edison of Southern California.

Mr. Ferman emphasized that what is being done here affects the national interest because our survival depends on the effective use of our overall labor resources. We cannot afford to use the nation's most valuable resource - manpower - ineffectively. Referring to recent Labor Department studies, Mr. Ferman emphasized that we have got to solve part of the problem of increased production with a smaller work force by bettering our technology. This, however, in turn will require a more advanced type of worker to operate the technological devices involved. It means that workers who are now relegated to inferior tasks -- to back-breaking or menial jobs -- will have to be educated and upgraded to handle the new technology in production upon which our future depends. Thus the Committee is now emphasizing training and development of higher skills among members of minority groups who up to the present have remained largely frozen in traditional positions of unskilled, or at best, semi-skilled types. But this means, in turn, a creation of opportunities for those with the new training. We cannot hope otherwise to encourage members of minority groups to take advantage of the increased educational opportunities. Thus the Committee is concentrating on white collar jobs -- those are the positions where one can break through the cake of custom, or discrimination, with the greatest effect at the present time. Just as important as the education of a Negro child in a desegregated school is access to equal economic opportunity for him when he leaves. Mr. Ferman expressed the thanks of the Committee for the cooperation which the Committee has received from the Departments.

The Vice President commented that whenever a group of Negroes gets into a desegregated school, which was formerly segregated, this is "big news," but in his opinion even more significant are the break-throughs into heretofore segregated industries when minority groups finally get access to white collar jobs. If the latter is impossible, then the former is only running them into a dead end. Amb. Lodge then stressed how important achievements in these field were, not only

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E.O. 11652, Section 1
By BHC NLE, Date 8-12-76

politically, but for the foreign relations of the United States. Just recently five countries which are black are now free countries. Looking at our whole world - we see that an overwhelming majority of the human race is non-white. Next year four more colonial black countries will become independent, and in the next ten years or so there may be fifteen more from Black Africa and they will be watching us, looking at our job opportunities, our schools. This is such an important subject that it affects the survival of our country in the eyes of the world. We are making accomplishments but we need much greater publicity about them. The uncommitted peoples of the world are watching us, with not particularly friendly eyes, and it will not take very much to get them into a state of mind where they would rather hope the Chinese Communists would get the better of us. This problem is as big as problems of guided missiles or anything else; if we could get this problem licked we can beat the Russians all over the world.

Sec. Flemming suggested that the Cabinet have a report from the Committee on Government Employment Policy.

The Attorney General said that with respect to the school picture, it is a matter of showing the rest of the world that we mean what we say when we say that all our people are "equal before the law." The Attorney General also stressed the value of the fact that this Committee's work is really the attempt to carry through a moral, rather than a legal commitment. This makes its accomplishments all the more praiseworthy.

Acting Secretary Dillon suggested that USIA give the publication of the forthcoming report of the Committee on December 27th a big play. He said he could testify that whenever we have the problem of a lynching or something like that here the publicity abroad on the front pages is much more than it is even in this country, and it is very damaging in the conduct of our foreign relations.

Mr. Lodge seconded this by saying that we often lose votes at the United Nations just by this fact. The Vice President referred to the fact that last year when we tried to get legal sanction for the work of the Committee, the Democratic leadership in Congress refused. The Vice President said that Mboya had told him that abroad we could not do enough to demonstrate our conviction on this point. The USIA must do more in this whole field; there should be copies of the Committee's report in every USIA office.

Mr. Lodge mentioned the importance which the New York Times has in the eyes of the UN diplomats who read it constantly, and suggested that an attempt might be made to remind the Times to print pictures of Negroes who have been appointed to important professional positions. Sec. Mitchell asked if we had a Negro on our US-UN Delegation. Mr. Lodge replied that, "yes, every single year." The Vice President returned again to the subject of economic opportunities for minotiry groups and referred to this Indian state of Kerola which went Communist. They had the greatest number of college graduates and one of the highest

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By DHC NLE, Date 8-12-76

intellectual levels of India, but no jobs -- no opportunities worthy of what these people could offer. In this whole emphasis on education we must bear in mind that we have got to make break-throughs into these upper levels in the professional, white-collar areas.

Sec. Mitchell then brought up the problem of grant programs and Federal-State programs in which segregation is involved. For example in the U.S. Employment Service. In the solid South there are still four or five states where USES has not been able to eliminate the segregation of its offices. Persuasian may be our only resource since otherwise it might mean a complete abandonment of the USES in the areas involved.

Sec. Flemming said there were grant programs in HEW such as the Hill-Burton program and others where this problem was involved. Mr. Ray mentioned that airport construction could be involved here except that airport buildings are not themselves built with Federal funds. The Attorney General reminded his colleagues that the discrimination problem rested not only with employers; unions also are known to discriminate and the Vice President referred to the construction work now going on in the Capitol as an example. The Attorney General commented that often the employers were willing to hire minority members but the unions themselves would not let this happen. Sec. Mitchell said that the unions, however were making progress and that at the last day of the AFL-CIO Convention this came up on the floor.

(Notes prepared by Mr. Patterson)

Copy ~~to~~:
Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

~~CONFIDENTIAL~~

RA-59-144

December 21, 1959

The White House

Washington

THE CABINET

Record of Action

The following are the agreements reached on the items presented at the Cabinet meeting of Friday, December 18, 1959:

1. Investigation of Crimes Involving Government Officers and Employees — 5 USC 311(a)

ACTION: a) The Cabinet noted the Attorney General's personal reminder in relation to his memorandum to department and agency heads of November 13, 1959. It was agreed it was most important that each department and agency head should call the attention of his chief subordinates to this memorandum and to the requirements of Public Law 725, since the information required to be given to the Attorney General is often known first at subordinate levels within the agencies.

b) The following points of application and interpretation were clarified by the Attorney General:

i) The requirement to inform the Attorney General is not merely with respect to proven violations; the law reads "Any information, allegation or complaint". Such "information", however, should be of substance and not mere gossip or rumor.

ii) What is involved are possible violations of law (Title 18 of the United States Code), not merely violations of Departmental regulations. The arrangements under reference here are not for purposes of internal discipline.

Library

iii) The requirement applies to consultants and to members of public advisory committees, providing that the possible violation is a crime under Title 18. (Conflict of interest problems of the type set forth in 5 USC 99 should also be reported, but as a separate matter from this statutory mandate.)

iv) This requirement applies to all "Government employees" whatever their citizenship or location. If there is a question about "local" employees hired abroad, the U.S. agency involved should nonetheless make the required report to the Department of Justice.

v) The Department of Justice will, of course, review and, where necessary, investigate the reports it receives and furnish the results to the reporting department or agency.

2. Report on the Work of the President's Committee on Government Contracts — CI - 59-65

ACTION:

a) The Cabinet complimented the Committee on Government Contracts and its staff on the effective way in which they have labored in an area where progress, though slow, is of truly great importance to the health of our economy and to the conduct of our foreign relations.

b) The Executive Vice Chairman of the Committee will bring to the attention of the Director of the U.S. Information Agency the specific suggestions for action by USIA which were made by the Vice President, the Acting Secretary of State, the U.S. Representative to the United Nations and other Cabinet members.

c) Arrangements will be made for an early report to the Cabinet from the President's Committee on Government Employment Policy.

d) The Secretary of Labor, the Secretary of Health, Education, and Welfare and the Attorney General will consult and develop a policy paper for the Cabinet:

  i) identifying the programs under which any Federal funds dispensed to states or localities are being used in state or local activities where racial discrimination is involved;

  ii) setting forth the factors and alternatives involved in each case and making suggestions as to how best to ensure the prevention of un-American discrimination, taking into consideration the over-all objectives of the programs involved.

3. Report and Follow-Through on His Recent Trip (Chairman Morton)

ACTION:

a) Additional aspects of the above subject will be presented at a later Cabinet meeting in the near future.

b) The Assistant to the President will make arrangements for a central office for the coordination of 1960 speech acceptances by department and agency heads.

Robert Gray
Secretary to the Cabinet

Approved by the Vice President
December 21, 1959

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EYES ONLY

CI- 59 - 66

December 17, 1959

The White House
Washington

THE CABINET

Economic Program of the Democratic Advisory Council: Summary and Comment

For information of Cabinet Members personally, attached is a paper prepared by the Chairman of the Council of Economic Advisers.

This paper summarizes and offers comments on the economic program of the Democratic Advisory Council, as published on December 7 last.

Original in Eisenhower Library

The attached memorandum is circulated on an eyes-only basis as background in conjunction with the discussion of Item 3 listed on the agenda of the Cabinet for the meeting of December 18, 1959.

Robert Gray
Secretary to the Cabinet

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For Information

EYES ONLY

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December 17, 1959

The White House

Washington

THE CABINET

Economic Program of the Democratic Advisory Council: Summary and Comment

I. The December 7, 1959 statement by the Democratic Advisory Council makes three major criticisms of the Administration's economic policies:

(1) Economic growth has lagged since 1953.

(2) The Republican remedy for inflation is "tight money", which doesn't work.

(3) The Administration has not handled financial affairs well.

Comment

(i) On the question of growth rates, they put growth at 4.7% a year in 1947-53 and at 2.5% in 1953-59. This is correct, but they get the result by the illegitimate method of starting with a low year and ending with a high year when computing their own record, and doing the reverse when computing ours.

Second, they use total GNP, which veils the fact that since 1953 the non-Federal sector of our economy has grown faster than under Truman: thus, consumption goods output (including housing) rose 3.8% a year (ave.) in 1952-59(IIQ) and only 2.9% in 1946-52.

Third, their formula for increasing the growth rate always turns out to be the same thing: more Federal spending (very little of which would actually increase the nation's productive capacity) and a soft money policy.

(ii) Although they apparently advocate a budgetary surplus at this time, their program would involve billions in additional spending.

Their answer to this inconsistency is that they would get the needed revenue from (a) faster growth, (b) closing tax loopholes, and (c) ending waste in the budget (they mention specifically only high interest rates, duplication in armed services, and agriculture).

(iii) Their soft money policy would obviously end in (a) inflation of living costs, and (b) all kinds of economic controls designed to prevent the inflation from happening.

They cite favorably the Truman policy of pegging bond prices at a 2-1/2% yield basis. But they do not say, as

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Senator Douglas said at the time, that this made the Federal Reserve "an engine of inflation". The American people had to pay far more in higher living costs than was saved in debt service.

(iv) On inflation, it should be observed that three-quarters of the increase in living costs since 1946 took place before 1953.

II. The remainder of the statement makes proposals for Federal action in specific areas (interlarded with some very critical comments on Administration policies), as follows:

(1) Work stoppages which endanger the national interest:

Taft-Hartley is inadequate. The President should have "a variety of approaches" including "appointment of fact-finding boards with power to recommend terms of settlement for guidance of the parties and the public"; the machinery created should encourage settlements that are "fair to the public and which will contribute to economic progress and price stability."

(2) Education:

(i) grants for construction of public elementary and secondary schools; (ii) scholarship and loan programs; (iii) grants to colleges and universities for physical facilities; (iv) scholarships for teacher education; (v) research for development of new educational resources, techniques and methods; (vi) aid for adult education and retraining; (vii) withdrawal of the NDE Act oath.

(3) Health:

(i) construction of 20 to 24 new medical schools and expansion of existing schools, as recommended by a consultant group to the Surgeon General; (ii) increase in Hill-Burton appropriations for hospital construction; (iii) an expanded program for psychiatric training; (iv) extending of OASI benefits to hospital and surgical care, financed by increased payroll taxes; (v) loans to local comprehensive health insurance cooperatives.

(4) Housing:

(i) increased slum clearance and urban renewal grants, under a long-term Federal commitment; (ii) expansion of relocation grants; (iii) "as many new public housing units as local communities are prepared to utilize"; (iv) a program (undefined) of housing for moderate-income families; (v) research and credit assistance for farm housing.

(5) Natural resources:

(i) annual appraisals of necessary resources, including recreational facilities; (ii) speed-up of water conservation and storage programs; (iii) more soil conservation; (iv) "water pollution control commensurate with our needs"; (v) a mineral program -- adequate stockpiles; maintenance of potentially essential inactive mines in operable condition; research on new methods of locating mineral deposits; research on new sources and new uses for minerals; (vi) a national wilderness system, and a system of lake and seashore recreation areas; (vii) national forest road improvement; (viii) a Youth Conservation Corps; (ix) Federal development of electric energy systems -- transmission facilities to connect regional power systems; more hydroelectric projects; development of atomic generating stations; (x) a national water policy, including research on means for converting sea water and brackish water into fresh water and for "interbasin exchanges of water."

(6) Urban problems:

A "comprehensive national commission" to survey needs of metropolitan areas and to determine the Federal role in meeting such needs. In the meantime, more funds for urban renewal, hospital construction and stream pollution control. Also, "programs should be initiated in the fields of education and juvenile delinquency control."

(7) To help small business, DAC promises (i) to "ease the tight money squeeze"; (ii) reverse SBA's negative approach in the administration of the Small Business Investment Act of 1958; and (iii) intensify efforts to obtain defense contracts for small and medium-sized business firms.

(8) Agriculture:

According to the DAC statement "the social institutions of many of our rural communities. . . are withering under the deepening pall of agricultural depression."

Six Republican vetoes and a number of administrative actions are cited as responsible for farm "economic distress."

Specific proposals include (i) working with the United Nations to study means for coordinating the production and use of farm products in the U. S. and in other countries; (ii) programs (which would be chosen by a substantial majority of the producers) for controlling supplies, accompanied by "income supplements" and by programs "to guarantee adequate reserves."

(9) Security for older persons:

(i) a substantial increase -- at least 30 percent over current minimum monthly payments -- on social security benefits; (ii) include costs of adequate health care under OASI; (iii) liberalize the OASI "retirement test" to allow additional part-time work; (iv) blanket persons in covered occupations already retired into OASI; (v) prohibit age discrimination in Federal contract employment; (vi) expand public preventive health programs to all persons over 60; (vii) appropriate and make full use of funds authorized for elderly housing; (viii) establish an "Older Persons Bureau" in the Executive Branch.

(10) Area Assistance:

(i) enact the "area redevelopment bill" vetoed by the President in 1958; (ii) step-up vocational training and retraining programs.

(11) Personal Security:

(i) raise the minimum wage from $1.00 to $1.25; (ii) establish "minimum standards of health, housing, social security protection, education and welfare services"; (iii) enact national standards for the Federal-State Unemployment Compensation System; (iv) make federally-aided public assistance grants to those whose unemployment compensation has expired; (v) remove the age (50 year) limitation on social security benefits to those permanently and totally disabled.

Other sections of the statement cover Civil Rights, the cultural and artistic life of the nation, integrity of United States administrative agencies, national defense, and foreign policy.

OFFICE OF THE ATTORNEY GENERAL
WASHINGTON, D. C.

January 27, 1956

MEMORANDUM TO THE HEADS OF ALL DEPARTMENTS AND AGENCIES IN THE EXECUTIVE BRANCH OF THE GOVERNMENT

Public Law 725, 83d Congress, 2d session (68 Stat. 998) confers upon the Attorney General and the Federal Bureau of Investigation authority "to investigate any violation of Title 18, United States Code, involving Government officers and employees." It also provides that

> "Any information, allegation, or complaint received in any department or agency of the executive branch of the Government relating to said violations involving Government officers and employees shall be expeditiously reported to the Attorney General by the head of such department or agency, unless the responsibility to perform an investigation with respect thereto is specifically otherwise assigned by another provision of law, or unless the Attorney General otherwise directs with respect, as to any department or agency of the Government, to any specified class of information, allegation, or complaint: *Provided*, That the provisions of this section shall not limit, in any way, the existing authority of the military departments to investigate persons or offenses over which the Armed Forces have jurisdiction under the Uniform Code of Military Justice: *Provided further*, That the provisions of this section shall not limit, in any way, the primary authority of the Postmaster General to investigate postal offenses."

It may be seen from the foregoing that Public Law 725 requires the head of each department and agency to report promptly to the Attorney General information, allegations or complaints relating to violations of Title 18, United States Code, involving Government officers and employees unless exempted by the terms of the statute or unless the Attorney General has otherwise directed. Particular emphasis should be placed upon possible violations of Title 18 by officers and employees of the Government involving fraud against the Government, misappropriation, robbery or theft of

Government property or funds, misfeasance or malfeasance in office, or which are of a similar nature. Title 18 is not, however, limited solely to such offenses, and it is suggested that you consult with your General Counsel, Solicitor, or Chief Law Officer for guidance on the kind of offenses which are made punishable under that title. In case you are in doubt whether any particular matter falls within its scope, the problem should be referred to the Attorney General.

In order to carry out the spirit of this act it is requested that all department and agency heads promptly report all such information, allegations or complaints to the office of the United States Attorney for the district in which the alleged violation has occurred or to the local office of the Federal Bureau of Investigation. Such reports should be made even if there is doubt whether the offense actually occurred. After appropriate investigation you will be advised whether a basis for criminal prosecution exists. If it is determined that such prosecution is not appropriate you will be furnished with facts upon which to determine whethe administrative action should be taken.

It is of the utmost importance for efficient investigation and prosecution that department and agency heads report all complaints promptly. Your cooperation in this respect will do much to maintain the integrity of Government operations.

Herbert Brownell Jr.
Attorney General.

OFFICE OF THE ATTORNEY GENERAL
WASHINGTON, D. C.

November 13, 1959

MEMORANDUM TO THE HEADS OF ALL DEPARTMENTS AND AGENCIES IN THE EXECUTIVE BRANCH OF THE GOVERNMENT

To achieve fully the objectives sought by the reporting requirements of Public Law 725, 83d Congress, 2d Session (5 USC 311a), and the responsibilities of this Department detailed in the Act, I feel it appropriate to communicate periodically with all interested Departments and Agencies concerning the provisions of the measure. I invite your attention again to the terms of the Act and the continuing importance of reporting timely all complaints to this Department.

As you know, this statute directs the head of every Department and Agency to report promptly to the Attorney General information, allegations or complaints relating to violations of Title 18, United States Code by officers and employees of the Government unless exempted by the terms of the statute or unless otherwise directed by the Attorney General. While not minimizing other offenses in Title 18, it was urged that special emphasis be placed on those offenses relating to fraud on the Government, misappropriation, robbery or theft of Government property or funds, misfeasance or malfeasance in office and other transgressions of a similar nature.

Being always alert to the responsibilities of this enactment will insure continued prompt investigation and prosecution and thus serve to maintain high standards of integrity in government operations.

/s/ William P. Rogers
Attorney General

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CI - 59-65

December 7, 1959

The White House

Washington

THE CABINET

Report on the Work of the President's Committee on Government Contracts

For information of Members of the Cabinet, attached is a copy of the Sixth Report of the President's Committee on Government Contracts.

This Report is directed to the President and will be released to the press on December 27.

The attached Report is circulated on a limited basis as background for the discussion of the work of the Committee, scheduled for the coming Cabinet meeting.

Recipients are requested to take extra care to protect the privileged nature of this Report until its release date.

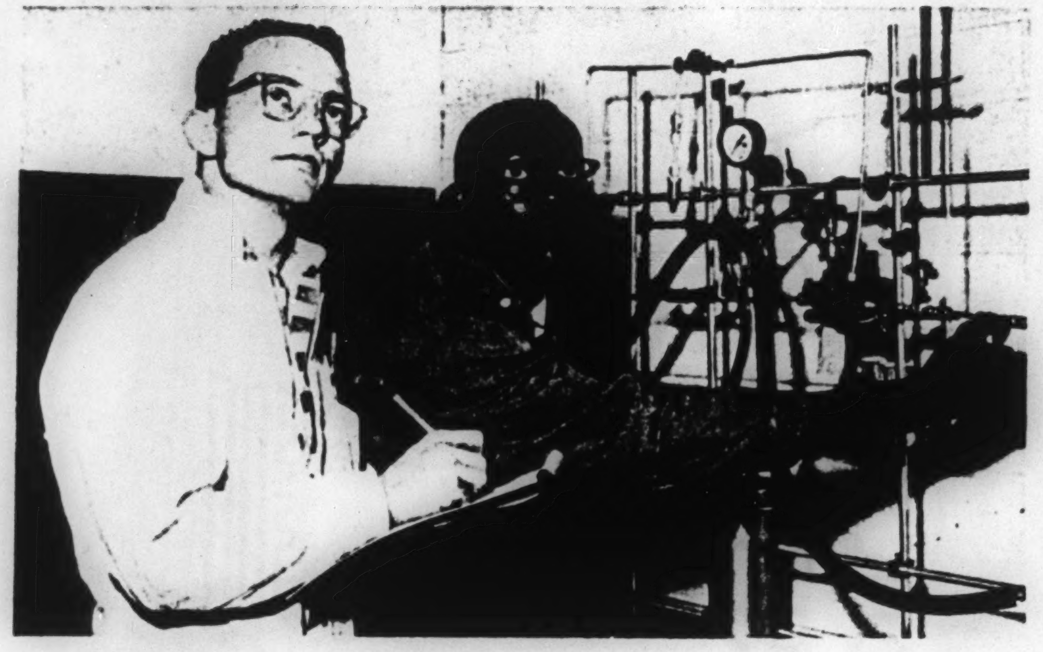
Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Information

THE CONTENTS OF THIS REPORT ARE
NOT TO BE DISCLOSED OR RELEASED
UNTIL RELEASE DATE, DECEMBER 27.

SIXTH REPORT

to
PRESIDENT EISENHOWER
from the
COMMITTEE ON
GOVERNMENT CONTRACTS



A BLUEPRINT FOR FAIRNESS AND EQUALITY

"..... it is in the interest of the Nation's economy and security to promote the fullest utilization of all available manpower ....."

"..... it is the policy of the United States Government to promote equal employment opportunity for all qualified persons employed or seeking employment on Government contracts because such persons are entitled to fair and equitable treatment in all aspects of employment on work paid for from public funds ....."

"..... it is the obligation of the contracting agencies of the United States Government and Government contractors to insure compliance with, and successful execution of, the equal employment opportunity program of the United States Government ....."

"..... Executive orders require the Government contracting agencies to include in their contracts a provision obligating the Government contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin and obligating the Government contractor to include a similar provision in all subcontracts ....."

(excerpts from Executive Order 10479,
Establishing the Government Contract Committee)

President Dwight D. Eisenhower signed Executive Order 10479 on August 13, 1953. In doing so, he gave Twentieth Century meaning to the Declaration of Independence .....

"WE HOLD THESE TRUTHS TO BE SELF-EVIDENT; THAT ALL MEN ARE CREATED EQUAL, THAT THEY ARE ENDOWED BY THEIR CREATOR WITH CERTAIN UNALIENABLE RIGHTS, THAT AMONG THESE ARE LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS ....."

PRESIDENT'S COMMITTEE ON GOVERNMENT CONTRACTS
EQUAL JOB OPPORTUNITY

(excerpt from Executive Order No. 10557)

"In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.

"The contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials."

July 1, 1958 to September 30, 1959

SIXTH REPORT *to* PRESIDENT EISENHOWER

from the **COMMITTEE ON GOVERNMENT CONTRACTS**

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LETTER OF TRANSMITTAL

MR. PRESIDENT:

In accordance with the directive of Executive Order No. 10479, your Committee on Government Contracts submits the Sixth Annual Report of its activities in implementing the national policy to provide equal job opportunity for all qualified persons.

The Report, covering the period from July 1, 1958, to September 30, 1959, further makes an assessment of the impact of national employment trends on the Committee's program.

Respectfully submitted,

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INTRODUCTION

The Situation Today . . . and Tomorrow

It is of paramount importance that all of our Nation's manpower should be effectively used. We cannot afford to neglect any part of the potential contribution of our nonwhite population. It comprises over 18 million people, or more than the total population of Canada.

The President's Committee on Government Contracts helps qualified minority group members to obtain equal job opportunities in work provided by Government contract funds. Thus, it aids our national economy today, and in the measure of its success it can help our Nation still more tomorrow.

To develop the Committee's program effectively we must relate it, of course, to the overall growth of our economy. We must also take note of emerging trends within the labor force to determine whether we are concentrating on the long-term problems as well as those which call for immediate corrective action. Occupational shifts within the labor force, resulting from our changing technology and growing population, make it essential that the Committee redouble its efforts to insure that the Nation's basic resource—manpower—is effectively used.

THE LABOR FORCE IN THE 60's

There will be an appreciable growth in the Nation's labor force through the next decade, with fairly rapid changes in its internal composition. According to recent studies by the U.S. Department of Labor, our labor force will probably expand from 73.6 to 86.1 million in the next decade. Further, in this net addition of 13.5 million workers, the major proportion will consist either of young workers, under 25 years, or older workers over 45. A small component of this increase, actually fewer than a million, will fall into what statisticians call the prime working group, those between the ages 25–44. This primary working group is the one which has had the most training and possesses most of the skills we need.

Since we will have to depend upon very young as well as older workers, the problems of vocational guidance, of training and retraining are of paramount importance.

Our nonwhite population increased more rapidly between 1940 and 1950 than our white population. The former increased 22 percent; the latter 14 percent. Census estimates of the composition of our labor force in 1958 show a very high proportion of Negro men under 20 and over 45. Further, Negro women of all ages have a higher rate of participation in the labor force. If these trends continue, there will clearly be a substantial increase in our nonwhite labor force. This increase will be concentrated in the younger and older male Negro worker and female Negro worker groups.

Employers who will still be looking for male, white, under age 45 workers will be in trouble in the next decade. These sought-for types of workers simply will not be available in the numbers required.

A further complication will arise from changes in the composition of the labor force. The Labor Department's projections for the 1960's show that the most significant increase in employment will be in occupations requiring more training and education. The American economy will require an increase of nearly 50 percent in professional and technical occupations, 20 percent in the numbers of proprietors and managers, 25 percent in the clerical and sales force, 23 percent in the numbers of skilled craftsmen, and 25 percent more service workers. The increase projected for semiskilled workers is only 15 percent, however, and no increase is foreseen for laborers.

IMPORTANCE OF EDUCATION

Workers entering the labor force tomorrow will face more demanding entrance requirements. It will become increasingly difficult for young workers without a high school education to obtain their first or *entrance* job, and when they are successful in obtaining it, to achieve promotion to better jobs. Yet 7½ out of the 26 million new workers who will be in the labor force in the

1960's will be without a high school education, according to the Labor Department's projections—and a high proportion of these 7½ million workers will be Negroes.

While the differences in educational attainment between Negroes and whites have diminished, they have not been eliminated. Recent Census Bureau data indicate that 80 percent of white children between ages 14–17 are attending high school, while only 65 percent of Negro children in the same age group are enrolled.

The disparity in education which continues to handicap Negroes will become a more serious drawback as occupational needs develop in the next 10 years. Our national leaders, be they colored or white, will have to make added efforts to convince Negro parents to keep their children in school so that they can compete for employment more effectively.

EDUCATIONAL CONFERENCES

The Committee's educational activities have been aimed at this problem. The Youth Training-Incentives Conference of 1957 and the Minority Community Resources Conference of 1958 sought to inform Negro leaders throughout the Nation of the changing economic climate. We have been seeking their assistance to marshal the resources of the home, the church, the school and the community to impress Negro youth with the necessity for better educational preparation. The Committee also has conferred with school officials representing some 25 metropolitan areas with substantial Negro populations on the inadequacy of the vocational guidance provided for minority youth, in an effort to meet the demands of the present, and more important, the immediate future.

The Committee is seeking to stimulate the use of the National Defense Education Act of 1958 with its provision for special vocational guidance to help Negro youth to meet the demands of the changing labor market.

EMPLOYMENT TRENDS

The greatest increases in employment will be in the professional, technical, managerial, clerical, sales, and service jobs. All these require preparatory training. The trend is unmistakable. In 1956, for the first time in the history of this country, white-collar jobs exceeded the number of blue-collar jobs in the American economy. The increase in white-collar jobs continues.

Even within the blue-collar job group new forces are operating which will create grave problems for the Negro worker unless he can adapt himself to these changes. Many factory jobs are being "automated." To continue to hold even semiskilled positions, workers in the future will have to have a higher degree of literacy. These automated jobs require that the worker be able to read complex measuring instruments, maintain clearly detailed records, and in general operate machines which will be more demanding than today's production equipment.

White-collar jobs have never been readily available to Negroes. In 1958 approximately 12 percent of male Negroes were employed in professional, managerial, clerical, and other white-collar occupations as compared to 6 percent in 1940. However, in the same year almost 40 percent of male white workers were employed in these occupations.

The proportion of Negro women in white-collar positions presents an equally sharp contrast. In 1959 only 23,000 or nine-tenths of 1 percent were in sales positions as compared to 8 percent, or more than 1,500,000 white women. In clerical positions there were 7½ percent, or fewer than 200,000 Negro women as contrasted to 31.8 percent or nearly 6 million white women.

Most of the Government contractors within its jurisdiction are in the manufacturing industries. But labor force statistics show that job opportunities in manufacturing are decreasing. However, job opportunities in service, finance, and Government are increasing and will continue to do so through the next decade. The Committee will therefore emphasize the integration of minority groups into white-collar positions.

DIRECT CONSULTATIONS

A nondiscriminatory employment policy in itself does not lead to the achievement of an integrated work force. The employer must act to break through "the cake of custom" by making initial placements in positions traditionally denied to Negroes. Such deliberate breakthroughs are necessary because minority group workers are normally reluctant to risk the possibility of yet another turndown in applying for such jobs. The responsibility of a contractor in carrying on a merit employment policy cannot rest upon his simple declaration. The procedures involved in making such an initial breakthrough are often difficult, and the Committee has found that its assistance at this point is appreciated.

Emphasis is being placed on the program of direct negotiation with major contractors in order to facilitate this highly important first action in implementing a merit policy.

THE REPORT

THE COMPLAINT PROCESS

The complaint process is of vital importance for the enforcement of the nondiscrimination employment clause in all Government contracts. Any individual or organization may instigate an investigation of a Government contractor's employment practices by filing a complaint with the Committee.

Such investigations frequently disclose that contractors are violating, sometimes unknowingly, their agreement not to discriminate against qualified persons. When an investigation does reveal discrimination, the contracting agency on its own initiative, or at the request of the Committee, requires the contractor to initiate corrective measures.

COMPLAINTS FILED WITH THE COMMITTEE—Two hundred and forty-four complaints were filed during the period covered by this report. These include 133 complaints filed by individuals, 111 filed by organizations, including 9 from public agencies. Nearly half of the complaints originating with organizations were from the Pacific Southwest Regional Office of the Anti-Defamation League of B'nai B'rith, Los Angeles. Negroes were involved in about 8 out of every 10 complaints filed by individuals.

New complaints increased the total number which have been filed with the Committee to 888. There are 247 complaints in an active status. At the Committee's request, contracting agencies are currently investigating 146 complaints and are seeking to implement the Committee's recommendations in an additional 72 cases. The remaining 29 complaints include 13 referred to the Special Subcommittee for further study, and 16 over which jurisdiction has not yet been established.

The Committee has closed 641 cases. This action was taken in 258 cases because the Committee had successfully resolved all issues of alleged discrimination. The remaining complaints, totaling 383, were closed because of lack of jurisdiction, or because the complainants withdrew their charges or failed to supply the information required to undertake an investigation.

LACK OF JURISDICTION— Many cases are closed for lack of jurisdiction. The applicable Executive Orders restrict the Committee's authority to employers holding Government contracts. Thus, approximately 36 percent of the complaints received have provided no occasion for investigation or the institution of remedial measures. A small proportion of the complaints are against labor unions which are comparable to companies without Government contracts, and therefore are not within the purview of the Executive Orders under which the Committee operates.

WITHDRAWAL OF COMPLAINTS—Of the complaints withdrawn from the Committee, the alleged discrimination was eliminated in 9 of the 18 cases before investigation.

Six complainants were hired or reinstated in their employment, while the seventh was given a "lump sum" payment in settlement of his grievance.

With management's recognition of the recall rights of a group of Negroes, the need for processing the eighth case was eliminated. In the ninth case, the company initiated a nondiscriminatory recruitment program, as had been requested by the complainant.

IMPLEMENTATION—RATE OF PROGRESS—The complete implementation of a nondiscriminatory employment policy is seldom a matter of mere fiat or orientation, even when both labor and management are favorably disposed. There are complicating factors that have little or nothing to do with the problem of prejudice. The advancement of equal job opportunity is often hindered by the paucity of qualified applicants for some jobs, particularly those which require a high degree of skill or technical training. Other significant obstacles are adverse business conditions, seniority situations, low rates of labor turnover, labor-management agreements governing referrals and the introduction of labor-saving devices.

It must be recognized that as a result of the impact of these and other difficulties, the complete integration of a work force is not always immediately possible. However, the Committee's prime objective continues to be the thorough implementation of nondiscriminatory employment wherever there has been a finding of discrimination.

The following tables portray the complaint process in action.

TABLE I

Complaints by Basis of Allegations*	Aug. 13, 1953, to Sept. 30, 1959	July 1, 1958, to Sept. 30, 1959	Aug. 13, 1953, to June 30, 1958
Total	1,049	332	717
Race	659	213	446
Religion	274	57	217
National Origin	79	50	29
Not Specified	37	12	25

*Allegations exceed the number of complaints filed because some complaints contain more than one allegation.

TABLE II

Complaints by Types of Complainants	(Six years) Aug. 13, 1953, to Sept. 30, 1959	(Last year) July 1, 1958, to Sept. 30, 1959	(First 5 years) Aug. 13, 1953, to June 30, 1958
Total	888	244	644
Individual	359	133	226
White	36	19	17
Negro	275	103	172
Indian	1	1	....
National Origin	41	4	37
Undetermined	6	6	....
Organization	529	111	418
Private:			
Americans for Democratic Action	4	....	4
Anti-Defamation League of B'nai B'rith	256	48	208
Bureau on Jewish Employment Problems	41	5	36
National Association for the Advancement of Colored People	111	35	76
Chollas Democratic Club	2	2	....
Religious Liberty Association	3	....	3
Labor Unions	42	7	35
Urban League Branches	32	4	28
Others	18	1	17
Public:			
State and Municipal	20	9	11

TABLE III

Status of Complaints Filed with the Committee Aug. 13, 1953 to Sept. 30, 1959	*1959	1958	1957	1956	1955	1954
All Complaints (Cumulative Totals)	888	644	293	205	147	65
New Complaints	244	351	88	58	82	65
Complaints in Process	247	151	106	76	76	26
1. Jurisdiction determination pending	16	20	9	6	19	......
2. Being investigated	146	70	51	35	28	8
3. Complaints awaiting further action by Subcommittee on Review and Enforcement	72	48	29	19	10	7
4. Complaints referred to Special Subcommittees	13	13	17	16	19	11
Closed Cases (Cumulative Totals)	641	493	187	129	71	39
1. Closed—due to approval of agency action	258	188	112	73	42	18
2. Closed—due to no jurisdiction	325	266	52	40	16	9
3. Closed—due to inadequate information	40	29	19	15	13	12
4. Closed—due to withdrawal of case	18	10	4	1	......	......

*Includes the months of July to Sept. 30, 1959. Other data are for the year ending June 30.

THE COMPLIANCE SURVEY PROGRAM

The Committee's compliance survey program, instituted in 1957, was primarily designed to assess the impact of the nondiscrimination program on Government contractors and to provide the Committee with a baseline from which to measure progress in the development of merit employment policies.

The distinctive advantage of the compliance survey is that it enables an examination of a contractor's employment policies and practices to be made without requiring that a complaint be filed with the Committee or with the agency holding the contract.

This survey constitutes a physical inspection of the facility where the work is being performed by a compliance official of the contracting agency. This includes an examination of the employment policies and practices of the contractor and an evaluation of his compliance.

Periodic surveys of plants of selected Government contractors are conducted by the principal Federal contracting agencies under this program. Approximately 500 plants are surveyed each year. A Compliance Guide issued by the Committee in 1958 explains in detail the procedures followed by the contracting agencies in making a compliance survey.

Compliance Survey Program—1958

In 1958, 435 plants were surveyed by the various contracting agencies. One hundred sixty-eight of these plants had also been surveyed in 1957. A comparison of employment in these plants indicated that the economic recession affected the Negro work force to a proportionately greater extent than the non-Negro work force, especially in the airframe, automotive, and petroleum industries. In these 168 plants, Negroes represented 12.7 percent of the total work force in 1957. In 1958, Negroes represented 8.2 percent of the total work force. However, 31.4 percent of those laid off were Negroes. Due to the incomplete sample comprising the 168 plants, these total percentages should not be construed as representative of the National pattern. (See table IV.)

A study of the reports received for the 1958 program also revealed that:

. . . Few Negroes were employed in white-collar positions.

. . . Few Negroes were employed in skilled work classifications.

. . . Few Negroes were enrolled in apprenticeship or on-the-job training programs.

. . . Employment practices in plants of multiplant corporations are frequently at variance with the nondiscriminatory policy of their parent organization.

. . . Thirty-three plants employed no Negroes in 1958. Seventeen of these plants employed no Negroes in 1957. Only 7 of the 33 plants were reported as having employed Negroes previously. Twelve of these plants are located in States having enforceable fair employment practices laws.

Seminars and workshops which were attended by over 250 contracting, procurement and compliance officials of the various contracting agencies were held in Chicago, Los Angeles and St. Louis.

Training and orientation conferences were held with individual contracting agencies.

The Committee gave particular attention to those 33 plants with a record of no Negro employment. Such plants were subjected to special surveys and were required to make monthly progress reports on their hiring and upgrading practices.

Compliance Survey Program—1959

Compliance surveys of 465 plants were scheduled for 1959 and as of October 1, 1959, 208 surveys had been received by the Committee.

Of the 208 plants surveyed, a comparative analysis of employment was necessarily limited to those plants which provided corresponding employment statistics for 1958 and 1959.

One hundred fifteen plants which furnished statistical data on employment by race and occupation for 1958 also furnished such information during the 1959 survey program. The analysis showed that reductions in force continued in many of these plants in 1959. Total employment had dropped by approximately 4.0 percent. However, the decrease of 1.1 percent in the Negro work

TABLE IV

COMPARISON OF TOTAL EMPLOYMENT BY RACE FOR 1957 AND 1958 SHOWING PERCENTAGE OF NEGROES TO TOTAL EMPLOYEES (168 PLANTS)

Year	Total Employees	Total Negro	Percent to Total
1957	534,316	67,697	12.7
1958	431,246	35,320	8.2
Total Decrease	−103,070 (19.3%)	−32,377 (47.8%)	31.4

TABLE V

COMPARISON OF EMPLOYMENT FOR 1958 AND 1959 SHOWING PERCENTAGE OF NEGROES TO TOTAL EMPLOYEES IN WHITE COLLAR AND PRODUCTION OCCUPATIONS (115 PLANTS)

Year	Classification	Total	Negro	Percent to Total
1958	Total	214,060	12,844	
1959	Total	205,653	12,747	
	Total Decrease	−8,407 (3.9%)	−97 (0.75%)	1.1
1958	White Collar	72,047	477	0.66
1959	White Collar	75,524	632	0.84
	White Collar Increase	+3,477 (4.8%)	+155 (32.5%)	4.5
1958	Production	142,013	12,367	8.7
1959	Production	130,129	12,115	9.3
	Production Decrease	−11,884 (8.37%)	−252 (2.04%)	2.1

force was proportionately less than in the total work force. Moreover, in contrast to the reduction in total employment, there was an increase of 4.8 percent over 1958 in total white collar employment. Negro employment in white collar jobs was approximately one-third higher than it was in 1958. Yet, despite this increase, Negroes represented less than 1.0 percent of the total white collar work force in these plants. It may also be noted that the percentage of Negroes to total employees rose slightly since 1958. (See table V.)

A number of reports show noteworthy achievements resulting from the efforts of the Committee and contracting agencies and progress is evidenced by employment breakthroughs in plants where Negroes heretofore had been excluded or limited to employment in the traditional Negro jobs.

Some of the other achievements obtained through the compliance activities of the contracting agencies are:

. . . The elimination of discriminatory items from preemployment application forms.

. . . Elimination of job orders containing discriminatory specifications.

. . . Issuance of written statements of nondiscriminatory employment policies by contractors. Such statements have been included in company regulations, employee handbooks, house organs and collective bargaining agreements.

. . . Specific advice by contractors to recruitment sources that they are to refer qualified applicants regardless of race, religion, color, or national origin.

. . . Broadening of recruitment sources by contractors to include predominantly minority group schools and agencies servicing minority group persons.

Undoubtedly, these officials have benefited from the training and guidance furnished by the Committee and from the field experience gained through compliance survey activities. The educational and enforcement efforts of the compliance personnel are beginning to show favorable results. Through these efforts, the principal of merit employment is being recognized and accepted more and more by Government contractors.

EXAMPLES OF PROGRESS

A number of cases illustrative of the Committee's progress are set forth below. It is important to note that these results were secured by one or a combination of these three procedures:

1. The processing of complaints;
2. Review of compliance surveys;
3. Direct consultation and negotiation with senior management of selected major government contractors.

International Latex Corporation—Dover, Del.

This plant is located on the Delmarva Peninsula in Delaware, about 75 miles south of Philadelphia. The company had attempted to employ Negroes, but its efforts had been unsuccessful because of employee resistance. When the Committee commenced negotiations with the company in July, 1959, no Negroes were employed even though Negroes constituted 25 percent of the population in the area, and its work force numbered approximately 2,600.

After negotiations with the Committee, the company employed seven Negroes in clerical, laboratory, and production positions. The company, in addition to integrating these Negroes, made arrangements to use the facilities of the Delaware State College, whose enrollment is predominantly Negro, to provide advanced training for its white laboratory technicians.

Burroughs Corporation (Hadley Plant)—Los Angeles, Calif.

The corporation had acquired this plant a short time before the Committee commenced negotiations. The work force numbered 547. The allegation of complaint was that a job order had been filed with a private employment agency requesting "Caucasians only."

The new management agreed to discontinue its predecessor's policy of filing discriminatory job orders. It further upgraded two Negro employees, who had shown an aptitude for the work, to the positions of apprentice pressmen. The company also will implement in the Hadley Plant its established national policy of

CLIFTON H. HUBBARD (center), 32 year old Analytical Chemist, is shown with Chief Chemist Leonard Berger (rear) and Laboratory Chemist Edward Robble (facing Hubbard) in the Laboratory of the International Latex Corporation at Dover, Del. They are discussing properties and characteristics of latex when submitted to various degrees of heat. Mr. Hubbard, a native Philadelphian, received all of his training in that city. In the rear of Mr. Berger may be seen test ovens which are used to cure latex rubber employed in the corporation's products.

hiring and upgrading qualified minority group members for all job categories, including white collar.

Martin Company—Orlando, Fla.

This plant is located in a central Florida community with an estimated total population of 90,000 people (1959), approximately 23 percent of whom are Negroes. A complaint filed by the NAACP on behalf of a local resident alleged that:

> The company denied employment to an experienced Negro clerk-typist during a period of recruitment, solely because of race; and further that it was the prevailing belief in the community that as a matter of policy the subject firm did not hire Negro workers in any job category except "laborer" or "custodian."

An investigation of the complaint revealed the following facts:

> As a result of processing the complaint, the following occurred: the company hired five Negroes in clerical positions (including the complainant) and one stenographer was employed in the personnel manager's office; seven Negro males who had shown aptitude were working in trainee jobs in preparation for highly skilled positions; and the company regularly recruits its employees from both the State Employment Service and recent graduates of area high schools and tax supported colleges (the Negro institutions referred applicants) and this firm schedules recruitment visits to Howard University's School of Engineering in search of engineers who could meet today's industry standards.

DORIS LOGAN, native of Washington, D.C., and graduate of its high schools. Mrs. Logan also studied at the Cortez Peters Business School in Washington. Mrs. Logan performs general stenographic and clerical duties in the Pershing Engineering Division of the Glen L. Martin Co. at Orlando, Fla. Shown at work, Mrs. Logan prominently displays her security badge required of all employees engaged in the Weapon Systems Development Program at Orlando. In the short time she has been employed after passing the aptitude and qualifications tests, Mrs. Logan has already been marked for a pay raise because of her demonstrated efficiency.

Johns Hopkins Physics Laboratory—Silver Spring, Md.

This large organization employed 1,391 employees and is located in the suburbs of the Nation's Capital. It employed 60 Negroes in a custodial capacity. As a result of processing a complaint filed by the NAACP, the company added a Negro mathematician to its staff, removed the question of color from its employment application, and notified all supervisory staff to follow a strictly nondiscriminatory employment policy with regard to hiring, upgrading, training, etc.

Agar Packing Company—Chicago, Ill.

This company employed approximately 1,000 persons, but no Negro women in certain production jobs or white-collar positions. It did employ over 500 Negro men in production jobs. A complaint was filed by a local civic group and after investigation by the Defense Department, the company hired two women for clerical positions and has added a woman to the production department in question.

Southern California Edison Company—Los Angeles, Calif.

This company employed as many as 85 Negroes in custodial and service jobs. After negotiations with the Committee, the company agreed that this employment pattern should be expanded. Consequently, the first Negro stenographer was hired in the personnel division and an elevator operator was promoted to the payroll division as clerk in September 1959. The Committee has received assurances that qualified minority groups will be included among new hires for all positions when the present layoff register has been exhausted.

Lockheed Aircraft Company—Marietta, Ga.

Although this firm has a long record of minority group employment (including some skilled and professional employees), there had never been any Negro female clerical employees prior to July, 1959. During July, the first two Negro stenographers were employed. Their employment brought the total number of Negroes in the plant to 827. These Negro employees are distributed among 39 different occupations in 34 departments.

Another significant case involved the transfer of a Negro production worker to the position of illustrator in a formerly all-white department. Despite the fact that this employee had filed a complaint with the Committee alleging racial discrimination as the reason for his denial of upgrading, the company did not hesitate to transfer him to the new department. This employee voluntarily took a reduction in pay of 22 cents per hour in order to obtain the new position.

Kaiser Aluminum Company—Baton Rouge, La.

As a result of a complaint filed by an individual, there was a general review of the company's employment policies by the cognizant contracting agency. The company hired 4 Negroes as supervisors and increased the number of Negroes in semi-skilled jobs from 5 to 26. A Negro chemist has been employed and the company has widened its recruitment sources to include a southern Negro community.

Curtiss-Wright Corporation (Marquette Metals Division)—Cleveland, Ohio

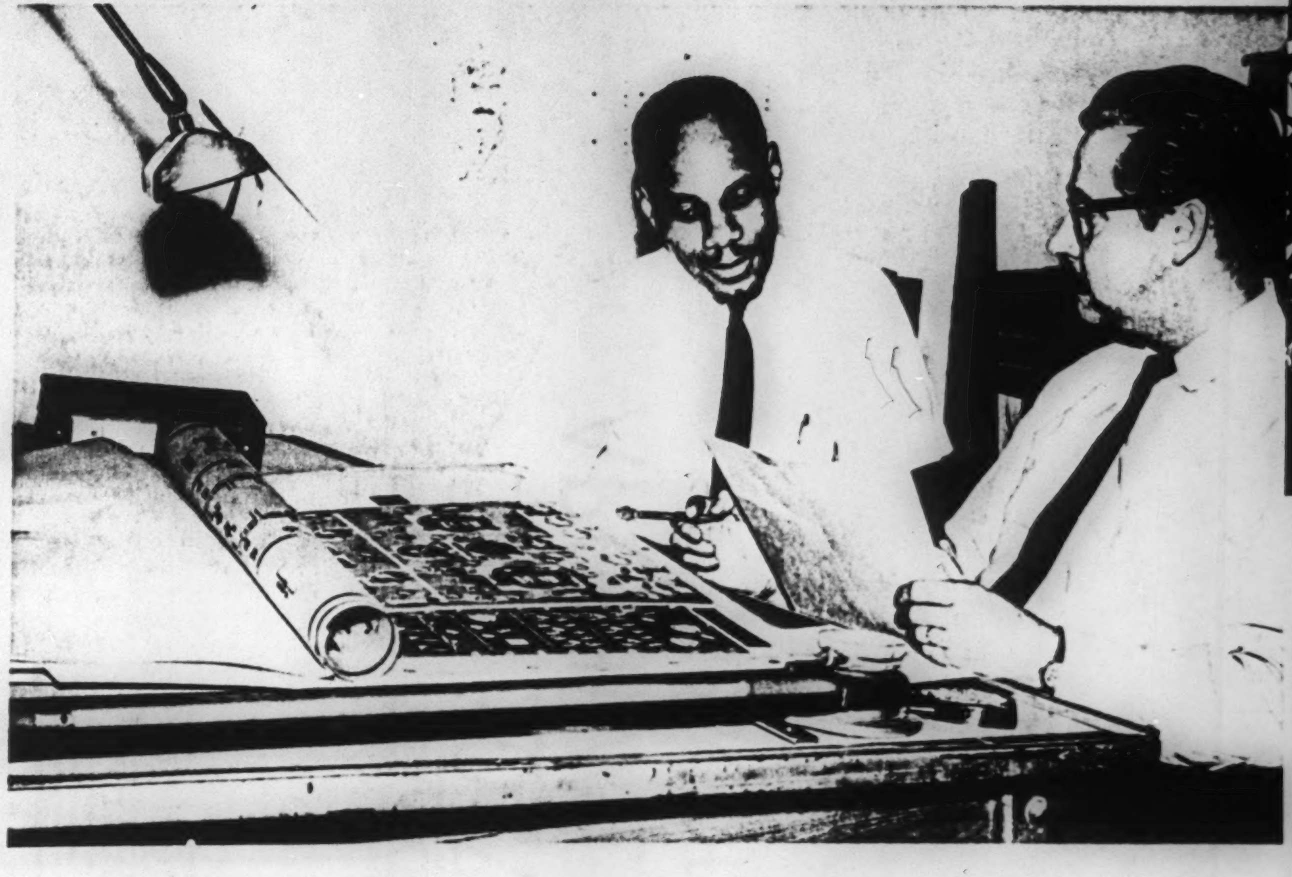
This company was surveyed in 1957 and 1958 and both reports indicated no Negro employees. The 1959 compliance survey showed that the company hired, for the first time, a Negro billing clerk-typist. This contractor now includes a nondiscrimination provision in its collective bargaining agreement, and anticipates hiring additional Negro employees.

Bethlehem Steel Corporation—Sparrows Point, Md.

The plant employed more than 700 women employees in plant and white-collar positions. A complaint alleged that no Negro women were employed in the plant since World War II.

As a result of consultations with ranking officials of the Department of the Navy, two Negro women were hired as clerical employees and the company is reviewing favorably a number of applications from other women.

This case is still under active review by the Committee.



J. W. ADAMS, a 32 year old illustrations assistant in art department at Lockheed Aircraft's Georgia division at Marietta, is laying out art work to illustrate parts of the firm's C–130 "Hercules" prop-jet aircraft for a technical bulletin. Born in Atlanta, Adams received his early schooling there and was graduated with a major in art, from its Clark College. He also completed a photo engraving course at famed Tuskegee Institute. Employed by Lockheed as a structures assembler, Adams was prepared when "opportunity knocked."

General Dynamics Corporation (Convair Division)— Fort Worth, Tex.

This company employs between 25,000–30,000 employees, including 200–300 Negroes in unskilled and semiskilled positions. There were no Negroes in any white-collar positions. After Committee negotiations in September, 1959, two Negro women were hired for clerical positions—one in the industrial relations department and the other in the accounting department.

The company has told the Committee it will accelerate the pace of its integration program as soon as it receives applicants who are qualified for skilled and technical positions in the plant or who demonstrate an aptitude for trainee positions in those occupations.

The company has also undertaken quietly to win the support of the local community for its program of merit employment.

BILLIE WOODARD, 28 year old personnel clerk at Convair's Fort Worth, Tex., plant is shown processing an insurance claim for a Convair employee. Mrs. Woodard, a native of Fort Worth, is a graduate of a local high school and also studied at Fisk and Lincoln Universities.

A Major Cigarette Company

One of the major cigarette manufacturing companies operating an ultramodern plant in North Carolina limited Negroes to employment in three out of seven production job classifications. Needless to say, these were the lower skilled classifications—and no Negroes were employed in white-collar or stenographic jobs either. After the Committee opened negotiations with the company, there was a complete change of policy. Production jobs in all seven classifications were opened to Negroes. Applications for such jobs are now being processed, and in addition three Negroes have been hired and are now at work in the white-collar category.

EDUCATION

During the 1958–59 period, the Committee continued to convene national conferences with influence groups.

Religious Leaders Conference

On May 11, 1959, the Committee sponsored a 1-day National Conference in Washington, D.C. The 500 participants in attendance represented the largest group of religious leaders ever assembled by a Federal agency to enlist their counsel and support for a national policy. To this eighteenth conference sponsored by the Committee came clergy and laity from 22 of the Nation's major denominational bodies; they embraced bishops and other hierarchical and organizational officials, priests, rabbis, pastors, elders and lay religious leaders from 34 States and the District of Columbia.

The purpose of the meeting was to discuss the policies and programs of the Committee and ways in which the moral commitment to Equal Job Opportunity could be implemented among employers and unions throughout the Nation.

Specifically, the Conference sought three objectives:

(a) To direct attention to the moral commitment of each citizen to assure applicants of unrestricted access to jobs for which they possess the necessary aptitudes and abilities.

(b) To develop a higher sense of mission on behalf of the expansion of opportunities for minority groups, and

(c) To explore practical methods of implementing the policy of equal job opportunity at local levels.

Religious Advisory Council

To carry out the unanimous recommendations of the five Conference Discussion Groups, the Committee is considering establishing a Religious Advisory Council to advise it on the feasibility and priority of the many recommendations by the Conference.

St. Louis Advisory Council

Among the experimental projects undertaken by the Committee during the period was the establishment of a first Advisory Council in a city where no staff or Committee members were in residence. St. Louis, Mo., was selected as an area in which there are a significant cluster of Government contracts, a substantial minority group population, and a group of experienced educational and social agency resources. Following a regional meeting of the President's Committee on April 15, 1959, an eight-member council was appointed, headed by Mrs. Irvin Bettman. The Council consists of the following persons: Mrs. Irvin Bettman, chairman; Mr. Howard F. Baer, president, A. S. Aloe Co.; Mr. Joseph Clark, president, St. Louis Labor Council, AFL–CIO; Reverend John Hicks, pastor, Union Memorial Methodist Episcopal Church; Mr. J. W. McAfee, president, Union Electric Co.; Mr. Morton D. May, president, May Department Stores; Mr. William Orthwein, vice president, McDonnell Aircraft; and Reverend Paul C. Reinert, S. J., president, St. Louis University.

The council has chosen for its first project to work on integrating qualified minority group workers into the metal working trades.

RELIGIOUS LEADERS CONFERENCE

Shown at the Religious Leaders Conference sponsored by the President's Committee on Government Contracts on May 11, 1959, are 2 of the 500 clerical and lay leaders from 34 States and the District of Columbia. Greeting Vice President Nixon, Chairman of the Committee are, in the foreground, from right to left: Walter M. Dawson, Chicago, Ill., followed by the Right Reverend Raymond L. Jones, bishop, Fourth Episcopal District, African Methodist Episcopal Zion Church of Arlington, Va.

Education-Information Aids

Among other actions, the Committee sponsored 5 conferences with special interest groups; issued a new film, 4 new educational pamphlets and a poster display; and cooperated with the educational programs of public and private agencies by assuming a major participating role in some 40 conventions, meetings and workshops.

COMMITTEE PUBLICATIONS

During the 6 years of its existence, the Committee has published a number of booklets, leaflets, pamphlets, display cards and posters in furtherance of its education and compliance programs.

They are listed here, together with the totals printed:

The Committee's Newsletter, published bimonthly (9,000)

*Pamphlet. A General Statement Regarding Equal Economic Opportunity (35,000)

*Pamphlet. "Equal Job Opportunity is Good Business" (400,000)

Leaflet. "Procedures for Filing Complaints" (250,000) Spanish language version (5,000)

*Pamphlet. "The Story of the President's Committee on Government Contracts" (25,000)

*"Proceedings of the Youth Training-Incentives Conference" April 1957 (2,000)

*Booklet. "Development of Training Incentives for the Youth of Minority Groups" (25,000)

Report. "Discussions of the Minority Community Resources Conference" January 1958 (2,600)

Folder. "What Will You Be When You Grow Up?" Emphasizes the need of training minority group members for expanding opportunities (450,000). Spanish Language Version (35,000)

Display Boards. Two large boards portraying the Equal Job Opportunity Program for table or show window use (3,500 of each)

Leaflet. "Mr. Executive . . . Seven Questions." Issued as a self-analysis guide for executives in evaluating their plant's employment practices (200,000)

Booklet. "Compliance Manual." A guide for compliance officers of the Federal contracting agencies (10,000)

Booklet. "Compliance Guide." A revision of the compliance manual (10,000)

Leaflet. "The President's Committee on Government Contracts in the Midwest" (25,000)

Leaflet. "The President's Committee on Government Contracts on the West Coast" (25,000)

Booklet. "Equal Job Opportunity Program Works Everywhere—North, East, South, and West" (80,000)

Three different street-car cards displayed in public transportation vehicles in more than 150 cities (50,000 of each)

Equal Job Opportunity Week stamps for use on mail (1,000,000)

Poster. "Equal Economic Opportunity" (1,850,000)

Poster. "Equal Job Opportunity for Everyone" Displayed on 25,000 U.S. mail trucks in 3,000 cities, December 1956.

The Committee also has issued six annual reports.

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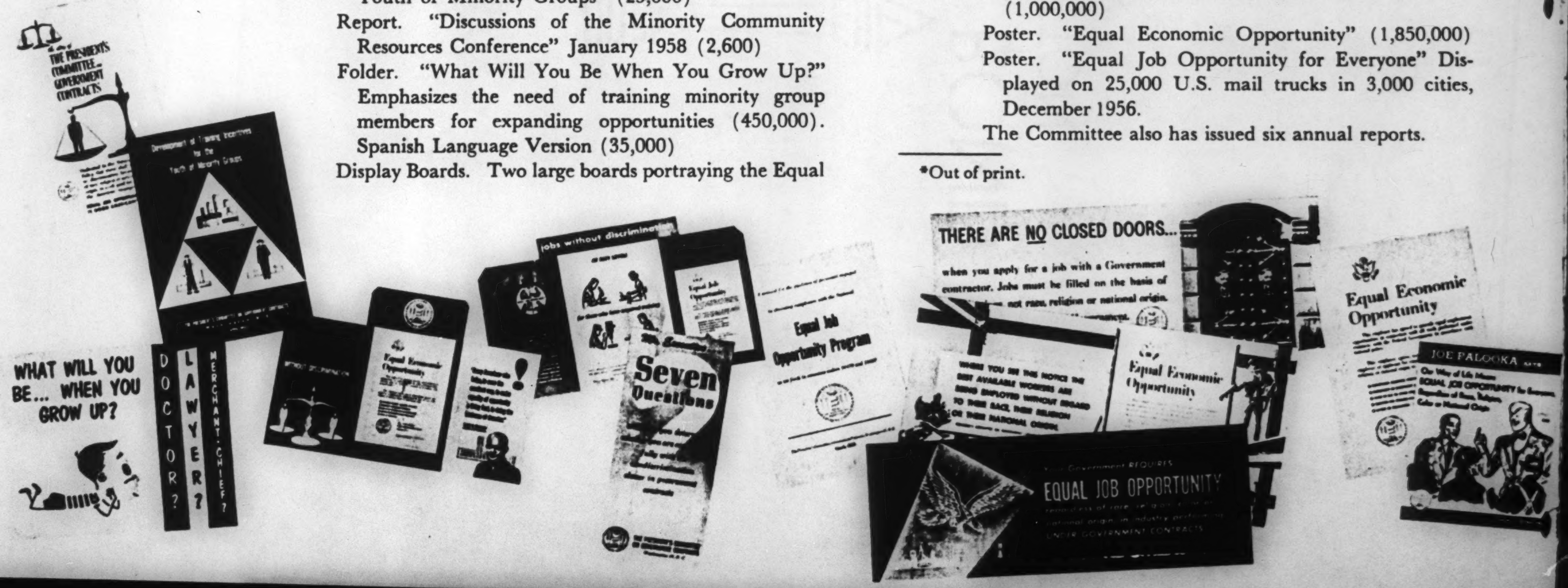
*Out of print.


THE PRESIDENT'S COMMITTEE ON GOVERNMENT CONTRACTS
Development of Training Incentives for the Youth of Minority Groups
WHAT WILL YOU BE... WHEN YOU GROW UP?
DOCTOR?
LAWYER?
MERCHANT-CHIEF?
Equal Economic Opportunity
jobs without discrimination
Equal Job Opportunity
Seven Questions
Equal Job Opportunity Program
THERE ARE NO CLOSED DOORS...
when you apply for a job with a Government contractor. Jobs must be filled on the basis of ... not race, religion or national origin.
Equal Economic Opportunity
EQUAL JOB OPPORTUNITY
UNDER GOVERNMENT CONTRACTS
Equal Economic Opportunity
JOE PALOOKA

FILM—"THE NEW GIRL"

The Committee issued its second film, in June 1959, "The New Girl," as a sequel to the Committee's award-winning film "Commencement" which was released in 1955.

"The New Girl" is a story of the first Negro to be hired in the office of a company. The human elements of the break with tradition are vivid in this motion picture.

Management, the other employees, the girl of the title, her family, and her community all play their parts. The values in wise planning for a full Equal Job Opportunity policy are evident. Training, too, plays a significant role—training for work and skilled agency planning for the problems of human association.

"The New Girl" had been shown to 105 audiences and a total of 5,204 persons as of October 1, 1959. Presented in both 35 and 16 millimeter prints, the film has been shown in 25 States, the District of Columbia, and Canada.

Judging from the types of requests coming to the Committee, the film has been presented to a variety of audiences. It has been shown by churches, schools, civic groups, and youth groups, usually followed by discussion among the participants. In addition, a substantial number of management and labor groups have utilized "The New Girl" as a part of their training program for junior executives. Some 18 prints of the film have been purchased outright, including 11 by the Department of Labor of the Dominion of Canada.

Because of the large number of requests for its use by social agencies and film libraries, the Committee has placed 35 prints on indefinite loan for circulation by these groups. At the rate of requests during the 3½ months since it was released, "The New Girl" promises to break records for this type of film.

Equal Economic Opportunity

REGIONAL OFFICES

The Committee's two regional offices, located at Chicago and Los Angeles, have effectively carried out their assigned programs, which are designed to augment as well as strengthen the work of the Committee staff at Washington.

The regional office staffs processed complaints and reviewed compliance surveys in conformity with the same activities of the headquarters staff, but with the advantage of direct contacts with Government agencies and Government contractors in the field.

Besides their complaint and compliance activities, the regional offices have performed valuable work in the area of education. Seminars have been conducted for Government agency compliance officers in the regions. Educational programs have been developed with employers, representatives of trade unions, and school system officials.

In both regional offices, close cooperation with public and private social agencies in promoting the Government's Equal Job Opportunity Program has been effected.

More than two score talks have been given by regional office staff members to community and specialized groups, national conferences and radio and television audiences. Wide circulation has been given in both regions to Committee publications and both Committee films, "Commencement" and "The New Girl" have been shown to many small and large audiences.

The decision to establish a "grass roots" approach to the Committee's problems and objectives through operation of these supplemental offices has been proved thoroughly justified.

Appendixes

EXECUTIVE ORDER 10479

Establishing the Government Contract Committee

WHEREAS it is in the interest of the Nation's economy and security to promote the fullest utilization of all available manpower; and

WHEREAS it is the policy of the United States Government to promote equal employment opportunity for all qualified persons employed or seeking employment on Government contracts because such persons are entitled to fair and equitable treatment in all aspects of employment on work paid for from public funds; and

WHEREAS it is the obligation of the contracting agencies of the United States Government and Government contractors to insure compliance with, and successful execution of, the equal employment opportunity program of the United States Government; and

WHEREAS existing Executive orders require the Government contracting agencies to include in their contracts a provision obligating the Government contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin and obligating the Government contractor to include a similar provision in all subcontracts; and

WHEREAS a review and analysis of existing practices and procedures of Government contracting agencies show that the practices and procedures relating to compliance with the nondiscrimination provisions must be revised and strengthened to eliminate discrimination in all aspects of employment:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States, and pursuant to the authority conferred by and subject to the provisions of section 214 of the act of May 3, 1945, 59 Stat. 134 (31 U. S. C. 691), it is ordered as follows:

SECTION 1. The head of each contracting agency of the Government of the United States shall be primarily responsible for obtaining compliance by any contractor or subcontractor with the said nondiscrimination provisions of any contract entered into, amended, or modified by his agency and of any subcontract thereunder, and shall take appropriate measures to bring about the said compliance.

Section 2. The head of each contracting agency shall take appropriate measures, including but not limited to the establishment of compliance procedures, to carry out the responsibility set forth in section 1 hereof.

Section 3. There is hereby established the Government Contract Committee, hereinafter referred to as the Committee. The Committee shall be composed of fourteen members as follows:

(a) One representative of the following-named agencies to be designated by the respective heads of such agencies: the Atomic Energy Commission, the Department of Commerce, the Department of Defense, the Department of Justice, the Department of Labor, and the General Services Administration.

(b) Eight other members to be appointed by the President. The Chairman and Vice Chairman shall be designated by the President.

Section 4. The Committee shall make recommendations to the contracting agencies for improving and making more effective the nondiscrimination provisions of Government contracts. All contracting agencies of the Government are directed and authorized to cooperate with the Committee and, to the extent permitted by law, to furnish the Committee such information and assistance as it may require in the performance of its functions under this order. The Committee shall establish such rules as may be necessary for the performance of its functions under this order. and shall make annual or semiannual reports on its progress to the President.

Section 5. The Committee may receive complaints of alleged violations of the nondiscrimination provisions of Government contracts. Complaints received shall be transmitted by the Committee to the appropriate contracting agencies to be processed in accordance with the agencies' procedure for handling such complaints. Each contracting agency shall report to the Committee the action taken with respect to all complaints received by the agency, including those transmitted by the Committee. The Committee shall review and analyze the reports submitted to it by the contracting agencies.

Section 6. The Committee shall encourage the furtherance of an educational program by employer, labor, civic, educational, religious, and other voluntary nongovernmental groups in order to eliminate or reduce the basic causes and costs of discrimination in employment.

Section 7. The Committee is authorized to establish and maintain cooperative relationships with agencies of State and local Governments, as well as with nongovernmental bodies, to assist in achieving the purposes of this order.

Section 8. The Government agencies (except the Department of Justice) designated in section 3(a) of this order shall defray such necessary expenses of the Committee as may be authorized by law, including section 214 of the act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691); provided that no agency shall supply more than 50 percent of the funds necessary to carry out the purposes of this order. The Department of Labor shall provide necessary space and facilities for the Committee. In the case of the Department of Justice the contribution shall be limited to the rendering of legal services.

Section 9. Executive Order No. 10308 of December 5, 1951 (16 F.R. 12303), is hereby revoked and the Committee on Government Contract Compliance established thereby is abolished. All records and property of the said Committee are transferred to the Government Contract Committee. The latter Committee shall wind up any outstanding affairs of the abolished Committee.

Dwight D. Eisenhower.

The White House,
August 13, 1953.

EXECUTIVE ORDER 10557

Approving the Revised Provision in Government Contracts Relating to Nondiscrimination in Employment

WHEREAS the contracting agencies of the United States Government are required by existing Executive Orders to include in all contracts executed by them, a provision obligating the contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and obligating the contractor to include a similar clause in all subcontracts; and

WHEREAS the Committee on Government Contracts is authorized by Executive Order 10479, as amended, to make recommendations to the contracting agencies for improving and making more effective the nondiscrimination provision of Government contracts; and

WHEREAS the Committee on Government Contracts in consultation with the principal contracting agencies of the Government, has recommended that in the future the contracting agencies of the Government include in place of, and as a means of better explaining, the present nondiscrimination provision of Government contracts, the following provision:

> In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship. The contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.
>
> The contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States, and in order to clarify and strengthen the provisions of the existing orders, it is ordered as follows:

SECTION 1. The contract provision relating to nondiscrimination in employment, recommended by the Committee on Government Contracts, is hereby approved.

SECTION 2. The contracting agencies of the Government shall hereafter include the approved nondiscrimination provision in all contracts executed by them on and after a date ninety days subsequent to the date of this order, except:

a. contracts and subcontracts to be performed outside the United States where no recruitment of workers within the limits of the United States is involved; and

b. contracts and subcontracts to meet other special requirements or emergencies, if recommended by the Committee on Government Contracts.

SECTION 3. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this order.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE,
September 3, 1954.

COMMITTEE AWARDS

In recognition of the effectiveness of the President's Committee on Government Contracts, four awards or citations have come to the Committee in the 6 years of its activities. They are:

1958—A citation from the American Jewish Committee during the 15th annual meeting of the Philadelphia Chapter. It is in recognition of the Committee's "exemplary program to successfully establish and implement the policy of the Government of the United States providing for equal job opportunities for all Americans regardless of race, color, religion, or national origin."

1956—An award from the National Conference of Christians and Jews in recognition of the value of the Committee's film "Commencement." The film was cited as an "outstanding contribution promoting the cause of good will and understanding among all the people of our Nation."

1956—The Freedoms Foundation awarded the George Washington Honor Medal to the Committee, citing the "Commencement" film as "an outstanding achievement in bringing about better understanding of the American way of life."

1956—A third distinction for the Committee's film came when the Film Council of America gave "Commencement" its "Silver Reel" citation at the film festival in Chicago.

MEETINGS IN WHICH COMMITTEE MEMBERS OR STAFF PLAYED A SIGNIFICANT ROLE 1958–1959

Place and Date	*Name of Meeting*	*Sponsor*
July 2, 1958, Philadelphia, Pa.	National Grass Roots Assembly.	National Grass Roots Assembly.
July 7–11, 1958, Nashville, Tenn.	Race Relations Institute.	Fisk University.
Aug. 5, 1958, Washington, D.C.	Workshop on Minority Group Employment Problems.	Howard University.
Aug. 5–7, 1958, Pittsburgh, Pa.	National Assembly....	National Dental Association.
Aug. 18, 1958, Washington, D.C.	Annual Convention...	Delta Sigma Theta Sorority.
Aug. 21, 1958, Washington, D.C.	Annual Convention...	Alpha Kappa Alpha Sorority.
Sept. 8–11, 1958, Omaha, Nebr.	Annual Conference...	National Urban League.
Oct. 9, 1958, St. Louis, Mo.	Annual Meeting......	Missouri Association for Social Welfare.
Oct. 18, 1958, Washington, D.C.	Leadership Institute...	American Council on Human Rights.
Nov. 15, 1958, Washington, D.C.	Planning Conference..	The Links.
Nov. 17, 1958, Detroit, Mich.	Annual Meeting......	Lucy Thurman Branch, Young Women's Christian Association.
Nov. 19–21, 1958, Pittsburgh, Pa.	Annual Meeting......	National Association of Intergroup Relations Officials.
Nov. 20, 1958, Pittsburgh, Pa.	Industrial Relations Conference.	Society for the Advancement of Management.
Nov. 21, 1958, Kansas City, Mo.	Equal Opportunity Day.	Kansas City Urban League.
Nov. 21, 1958, Canton, Ohio.	Employment Clinic...	Canton Urban League.
Jan. 15, 1959, Akron, Ohio.	Counseling and Manpower Conference.	Akron Urban League.
Feb. 9, 1959, New York, N.Y.	Dedication of the William Green Human Relations Library.	Jewish Labor Committee.
Feb. 21, 1959, Norfolk, Va.	Guidance Clinic......	Norfolk Division Virginia State College.
Mar. 12–13, 1959, Petersburg, Va.	Sixth Annual Work Conference.	Virginia Conference of Colored Parents and Teachers.
Apr. 22, 1959, Knoxville, Tenn.	The Tri-Ads, Knoxville College, Austin High School Career Day and the University of Tennessee.	Knoxville College, et al.
Apr. 28, 1959, Ithaca, N.Y.	Undergraduate Class in Protective Labor Legislation.	Cornell University.
May 16, 1959, Atlantic City, N.J.	Job Opportunity Conference.	Baptist Youth Congress.
May 20, 1959, Raleigh N.C.	Social Science Faculty.	North Carolina State College.
June 26–28, 1959, Williamsburg, Va.	Leadership Institute...	National Council of Catholic Women.
June 30, 1959, Washington, D.C.	Army Manpower Conference.	Department of the Army.
June 29–July 11, 1959, Nashville, Tenn.	Sixteenth Annual Race Relations Institute.	Fisk University.
July 3, 1959, Washington, D.C.	Intergroup Relations Workshop.	Howard University.
July 4, 1959, Chicago, Ill.	Human Relations Education Workshop.	Roosevelt University.
July 9, 1959, Washington, D.C.	Tenth Annual Institute on Human Relations.	American University.
July 13–19, 1959, New York, N.Y.	National Convention "Golden Anniversary."	National Association for the Advancement of Colored People.
Sept. 2–4, 1959, Dallas, Tex.	Methodist Conference on Human Relations.	Board of Social and Economic Relations, The Methodist Church.
Sept. 5–10, 1959, Washington, D.C.	Annual Conference...	National Urban League.

COMMITTEE SPONSORED CONFERENCES DURING 1958–59

Date	*Participants*	*Attendance*
Oct. 30, 1958, Chicago, Ill.	Compliance Officers Seminar	200
Dec. 15–16, 1958, Los Angeles, Calif.	Compliance Officers Seminar	350
Feb. 18, 1959, Washington, D.C.	Conference of State and City Commissions.	26
Apr. 15, 1959, St. Louis, Mo.	Regional Committee Meeting	550
May 11, 1959, Washington, D.C.	Religious Leaders Conference	500
		1, 626

CONFERENCE SUMMARY
1958–59

Committee Sponsored Educational Meetings	5
Attendance at meetings	1, 626
Meetings sponsored by other groups in which Committee had a prominent role	34
Attendance at these meetings	14, 970
Committee consultations with specific Government contractors (covering 23 States and the District of Columbia)	33

SUBCOMMITTEES

THE PRESIDENT'S COMMITTEE ON GOVERNMENT CONTRACTS

Common Carriers and Public Utilities

James P. Mitchell, Chairman
Fred Lazarus, Jr.
Harry Traynor
John A. Roosevelt
Boris Shishkin, Alternate for George Meany

District of Columbia Affairs

John A. Roosevelt, Chairman
Harry Traynor
Helen Rogers Reid
Boris Shishkin, Alternate for George Meany
George L-P Weaver, or Victor Reuther, Alternates for Walter P. Reuther

Education and Information

George B. McKibbin, Chairman
Leonard C. Etheredge, Alternate for Perkins McGuire
Helen Rogers Reid
John A. Roosevelt
Boris Shishkin, Alternate for George Meany
George L-P Weaver, or Victor Reuther, Alternates

Review

Lawrence E. Walsh, Chairman
George B. McKibbin
Harry Traynor
George T. Moore
James M. Nabrit, Jr.
Leonard C. Etheredge, Alternate for Perkins McGuire
George L-P Weaver

COMPLIANCE OFFICERS OF THE GOVERNMENT CONTRACTING AGENCIES

Atomic Energy Commission
JOHN E. DIETZ
Office of Industrial Relations

Department of Agriculture
TONY M. BALDAUF
Chief, Division of Procurement and Property Management

Department of Commerce
WILLIAM M. MARTIN
Director, Office of Administrative Operations

Department of Health, Education, and Welfare
MRS. MARIE SMITH
Chief, Supply Branch

Department of the Interior
N. O. WOOD, JR.
Director, Division of Property Management

Department of Justice
HARRY B. WRIGHT
Property Management and Procurement, Bureau of Prisons

Department of Defense
LEONARD C. ETHEREDGE
Procurement Specialist
Office of Assistant Secretary of Defense (Supply and Logistics)

Post Office Department
ROLLIN D. BARNARD
Assistant Postmaster General
(Bureau of Facilities)

Department of Labor
BERTRAND F. SHEEHY
Budget Examiner

General Services Administration
LEONARD T. DE LISIO
Director of Compliance

Government Printing Office
DANIEL H. CAMPBELL
Director of Purchases

Housing and Home Finance Administration
C. W. LONG
Assistant to the Director,
General Services Branch

Veterans' Administration
JAMES N. O'NEIL
Director, Supply Management Service

Department of State
W. O. TRONE
Director, Office of General Services

Department of the Treasury
ROBERT PERRY
Chief, Printing and Office Services Division

Office of Civil and Defense Mobilization
LOUIS F. KRIEGER
Director, Administrative Operations Office

Federal Aviation Agency
ANTHONY T. CALLANAN
Compliance and Inspection Officer

International Cooperation Administration
ROBERT BIREN
Director, Office of Organization and Methods

Panama Canal Company
W. M. WHITMAN
Secretary

Tennessee Valley Authority
PAUL I. FAHEY
Director, Division of Materials

Other principal contracting agencies include: Central Intelligence Agency, Federal Trade Commission, General Accounting Office, National Aeronautics and Space Agency, National Advisory Committee for Aeronautics, Railroad Retirement Board, and Selective Service System.

COMMITTEE STAFF

PROFESSIONAL

Jacob Seidenberg, *Executive Director*	Jesse Johnson, *Compliance Officer*
William A. Arnold, *Director of Information*	David Mann, *Director of Surveys*
George O. Butler, *Director of Education*	Raymond C. Shelkofsky, *Director of Administration*
Joseph E. De Vos, *Compliance Officer*	John Y. Yoshino, *Compliance Officer*
Joseph R. Houchins, *Director of Compliance*	

SECRETARIAL AND CLERICAL

Alphonso De Shields
Thelma N. Gibson
Ruth E. Harris
Lawon N. Hinton
Doris H. Jones
Phyllis D. Lewis
Mignon D. Mundy
India W. Scurlock
Helen J. Smalls
Yvonne C. Townsend
Natalie W. Werber

The Committee Headquarters' Office is located at
Room 3826, General Accounting Office Building
441 G Street NW.
Washington 25, D.C.

Midwest Regional Office
105 West Adams Street
Chicago 3, Ill.

Margaret Garrity, *Regional Director*
Percy H. Williams, *Assistant Regional Director*
Hortense T. Criddell, *Administrative Assistant*
Florence H. Danford, *Secretary*

West Coast Regional Office
803 Federal Building
Los Angeles 12, Calif.

Eloise E. Kloke, *Regional Director*
Robert A. Hine, *Assistant Regional Director*
Thelma C. Hyogo, *Secretary*
June W. Bryant, *Secretary*

U. S. GOVERNMENT PRINTING OFFICE : 1959 O - 531717

THE EQUAL JOB OPPORTUNITY PROGRAM IN ACTION

PRESIDENT'S COMMITTEE ON GOVERNMENT CONTRACTS
EQUAL JOB OPPORTUNITY

SIXTH REPORT

[Ferman's presentation. Cabinet 12/18/59]

I am here this morning to summarize the Committee's Sixth Annual Report to the President.

This particular report attempts to evaluate our program for the first time since the inception of the Committee six years ago.

Our assessment of the Committee's experience over the past six years has convinced us that the President's mandate to insure compliance with the nondiscrimination clause in Government contracts now requires a new emphasis on the securing of specific commitments from Federal contractors. The job of integrating minority group members, particularly Negroes, into the work force, actually gets done only when hard and fast specific commitments have been secured from such contractors. These are specific only when they spell out the fact that a definite number of qualified Negroes will be employed within a given period of time in jobs from which they have been traditionally barred.

Persuading contractors to put up posters publicly setting forth their obligations under the nondiscrimination clause, helping them formulate nondiscriminatory personnel policies which stipulate that applications from all qualified persons will be accepted, and hoping that some day a qualified Negro will apply and be hired, does not break the ice in this job integration process. Our mission now is to complete this process. We must break the ice wherever it has not thawed. We know that once this has been accomplished, no matter how small the opening, time will work for us because the country is moving toward a more widespread integration of minority groups in every walk of life.

Let me turn to this chart which projects what we did with a series of contractors over a period of 60 days:

(Presentation of "breakthroughs")

What we have done in these cases - and will continue to do in the future - affects the national interest because our survival depends on the effective use of our labor resources. Emerging trends within the labor force pose long-term problems as well as these which call for immediate corrective action. Occupational shifts resulting from our changing technology and growing population make it essential that the Committee should redouble its efforts to insure that the Nation's basic resource - manpower - is completely as well as effectively used.

Within this broad framework we have made two evaluations of our program. First, on the basis of the projection of manpower needs and resources for the next decade, which has been so well set forth by the Secretary of Labor on a number of occasions it is now forecast that by 1970 our working population will have changed in a significant way. There will be more younger people and older people in proportion to those who still remain in the primary work force, aged 25-44 years, than we have today. Yet we expect our standard of living to rise, even though the proportion of workers in this primary group is diminishing. We know we can solve part of the problem of increased production with a smaller work force with the aid of our advancing technology. That technology will require, however, an advanced type of worker to operate it. This means that workers who are now relegated to inferior tasks, to back-breaking or menial jobs, will have to be educated and up-graded to handle the new technology of production upon which our future depends.

The development of higher skills among minority group workers is one of the answers to our impending manpower needs. Accordingly this Committee is now emphasizing, and will continue to emphasize the need for better training of members of minority groups who, up to the present, remain largely frozen in traditional positions of an unskilled or at best semi-skilled type.

But unless education is supplemented with opportunity -- unless the jobs are there for those who have undertaken to qualify themselves, through education and apprenticeship, this important preparation for the future will no more than begin to get off the ground.

The second evaluation involves the fact that in 1956, for the first time in our history, clerical, technical and professional jobs exceeded the number of "blue-collar" or production line jobs in the American economy. All signs now point to the fact that this trend will accelerate through the next ten years. We must press our effort to provide alternative opportunities for minority groups hitherto kept by custom and tradition in unskilled, desultory jobs. These people must be educated and up-graded to provide the work force required by the new technological orientation of our economy. To do this adequately we must do two things simultaneously. There must, of course, be access to a better type of job education -- but at the same time we must give the minority group worker concrete evidence that there is a job opportunity for him in technical and professional positions. We cannot hope, otherwise, to encourage him to take advantage of the increased educational opportunities.

That is the reason why we are concentrating on white-collar jobs at the present time. Those positions are the points where we can break through the cake of custom, of discrimination, with the greatest effect at the present time.

The issue of discrimination in schools and public places has been very much in the news in the past few years. However, just as important as the education of a Negro child in a desegregated school is access to equal economic opportunity for him when he leaves. If there is one thing that distinguishes our free society and our free economy it is that each person among us should have the chance to rise to the level of work and pay which his skill and effort can earn for him. We shall never have the kind of country we should all like to live in until we realize this larger ideal.

I would be remiss in making this report if I did not emphasize that the program of this Committee over the past six years owes more to the assistance of your Departments in providing the machinery to determine compliance of Government contractors than the work of our Committee itself.

Library

Thank you, gentlemen.

CABINET PAPER—PRIVILEGED
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CA - 60-145

January 5, 1960

The White House
Washington

THE CABINET

Agenda

9:30 A. M., Wednesday, January 6, 1960

1.	The State of the Union Message	The President
2.	Steel Strike Settlement	The Secretary of Labor

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By bc NLE, Date 4/14/78

Minutes of Cabinet Meeting

January 6, 1960

9:30 a.m. -- 11:30 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Mr. C. Douglas Dillon
  for Sec. Herter
Sec. Anderson
Mr. John N. Irwin, II
  for Sec. Gates
AG Rogers
PMG Summerfield
Sec. Seaton
Sec. Mueller
Sec. Benson
Sec. Mitchell
Sec. Flemming

Gov. Hoegh, OCDM
Mr. Stans, BoB

Mr. Thruston Morton
Mr. Allen Dulles, CIA
Mr. John McCone, AEC
Dr. Saulnier, CEA

Gen. Persons
Mr. Robert Gray
Mr. Gordon Gray
Mr. Hagerty
Gen. Goodpaster
Mr. Harlow
Mr. Harr
Mr. Kendall
Dr. Kistiakowsky
Mr. McCabe
Mr. Merriam
Mr. Moos
Mr. Wallis
Mr. Morgan
Dr. Paarlberg
Mr. McPhee
Mr. Lyons
Mrs. Wheaton
Maj. Eisenhower
Cdr. Williams
Mr. Patterson
Mr. Minnich

Testimony Before Congress - The President opened the meeting by stressing the importance of taking specific measures this year to coordinate Administration testimony to Congress so that presentations involving more than one department would be in good order. He cited the matter of outer space as an example, where Defense would necessarily testify on some things but the basic responsibility would be with Dr. Glennan and the Space Agency; other agencies could also be involved.

Mr. Morgan, commented the President, would be the White House Staff member responsible for getting people together in this respect.

State of the Union Message - The President had Mr. Moos read the latest draft of the State of the Union message, which took approximately 38 minutes. In the course of this Mr. Moos indicated at a particular point that the President would, in delivering the message to Congress, insert an additional paragraph. (This proved to be the paragraph on the

~~CONFIDENTIAL~~

FY '61 surplus of $4.2 billion).

The President expressed his desire to sharpen the focus of the message as regards the importance of maintaining the freedom of uncommitted or newly developing nations, for to lose them to communism would greatly weaken the free world. He considered this practically the greatest problem that we and other free nations have at hand presently.

Regarding the steel strike and its settlement, the President said he had asked Sec. Mitchell to prepare a few sentences. Sec. Mitchell read a short paragraph which emphasized the need for cooperation between labor and management to increase productivity and thus avoid raising the price of steel. Also suggested was the President's intent to encourage discussions among labor and management groups generally for the purpose of avoiding inflation. Mr. Seaton cautioned against giving the impression that labor-management relations had generally deteriorated under the Eisenhower Administration, which was disproved by the comparatively small number of strikes in recent years. Mr. Mueller suggested avoiding mention of any price rise or effort to avoid such with regard to steel, since one might occur despite the Administration's effort to the contrary. The President thought it wiser to tackle the question since there was some possibility of avoiding the rise, particularly if featherbedding or other unproductive conditions could be removed. He felt that should a price rise occur, sooner or later the blame would have to be placed on the guilty party.

The President then invited the comments of each Cabinet member around the table.

Mr. Dillon noted the need for delicate wording of U.S. responsibilities as regards the newly developing countries, since to overstress the importance to the United States would give other nations undue leverage for pushing the burden onto the U.S. Sec. Anderson agreed that we must move to help in underdeveloped areas but thought that the adverb "rapidly" would create false impressions of what could actually be done. He concurred in the stress that was put in the message on the need for these countries to use their own resources along with aid from the outside.

Mr. Irwin mentioned and the President commented further on the care taken in wording the assurance that our military strength would not be used except for defense. Mr. Irwin cited the need for avoiding any implication that it was only the defense of the United States that was concerned. The President said his effort had been to avoid tying the concept to any specific area since something like an attack on Tibet could raise very difficult questions.

Mr. Rogers was interested in the section on civil rights and agreed to the revised paragraph which Mr. Moos had at hand but which had not previously been incorporated in the message.

Sec. Benson flagged the word 'senile,' wishing to avoid any implication that anything more than one small sector of farm policy was in such bad shape. The Vice President also urged that there be no implication that the President opposes all price supports. The President thought that perhaps the castigation was too severe and might better be omitted.

After the Postmaster General said he had no comment, Sec. Mitchell pointed to the section on aid to other countries through the World Bank, and thought it might be useful to stress the need for labor and management both to understand the importance of private activity as well as governmental.

Sec. Mitchell also thought the reference to "weathering the storm," as regards Congressional relations, was perhaps too negative in view of all that had been accomplished. The President was willing to look at both sides of the coin but he was sure there had been a storm to weather. Gen. Persons cautioned against anything that would suggest that split responsibility was a desirable situation.

Mr. Stans said that the cost of interest on the debt would be $9-1/2 billion per year rather than $9 billion. He then thought that the reference to the damage that could be done by surprise attack was, as a psychological point, unduly severe. The Vice President thought the existing wording was pretty effective, particularly as an antidote to the implications of the movie "On the Beach." He thought it important to stress that no matter how much destruction an enemy could cause, we would still be able to retaliate.

Sec. Seaton double-checked several points already mentioned, then suggested some reference to the way in which we had borrowed governmental forms in earlier years from Britain and perhaps France. Several members of the Cabinet felt it unnecessary to reach out for that connection in this context.

Allen Dulles made the point that the U.S. has no intention of interfering with the internal affairs of any country, in contrast with the draft reference to the internal affairs of the Soviet Union.

Mr. Moos raised the policy question of dropping some of the language regarding the interest of Defense in outer space, since the matter was not explained in detail. He stated that Dr. Glennan had agreed to this suggestion originally made by the Vice President. The President agreed provided the word 'mistakenly' would be inserted immediately before "supposed."

Returning to Allen Dulles' point, the Vice President wished to avoid any implication that the United States was buying the doctrine of peaceful coexistence at the cost of abandoning interest in the enslaved countries. The President thought this became a matter of definition of the word 'peaceful,' for certainly our interest in the freedom of these nations would not be abated, while equally certainly the United States was not proposing to attempt to liberate them by the use of force.

Mr. McCone noted the forthcoming negotiations on disarmament and thought perhaps stronger words about inspection and enforcement would improve our bargaining position. The President thought the existing language was as strong as anything he knew of but welcomed any suggestion for better language Mr. McCone might have.

Sec. Benson returned to the subject of the steel settlement, and suggested it might be more desirable to say very little about it since future developments seemed unpredictable and it could possibly be argued that the great war against inflation had been lost by this settlement. The President replied in terms of the limited range of possibilities that existed for the settlement, and the fact that those who had to make the decision had to accept some bad with the good, even as he had had to accept bad features in farm legislation he had approved. Mr. Rogers thought that the steel settlement was much better than anything that would have been forthcoming later on in the absence of a settlement now. The Vice President suggested that the next agenda item would clarify the matter probably to Sec. Benson's satisfaction.

Steel Strike Settlement - Sec. Mitchell unveiled a chart which compared the terms of the steel settlement with those involved in the aluminum and can settlements, and also the Kaiser settlement. In effect, he concluded, the steel industry fared better than the others. Indeed, this settlement was lower than the average of 1959 settlements in all industries involved, hence this particular one could not be regarded as inflationary. He noted also the outcome as regards work rules whereby the steel industry did better than Mr. Kaiser was able to do in his agreement.

At the President's question, Mr. Mitchell pointed out that the term of 30 months had been agreed upon because steel negotiations have traditionally preceded those for aluminum and can, and those contracts are due to expire August 1, 1962.

The Vice President commented at some length on the matter, emphasizing that it was clear that the situation would get worse if the strike were prolonged. He recounted some of the happenings in the week-long period of discussions between Christmas and New Year's. He cited the fact that the Union's position, as management recognized, would have been much stronger after the scheduled election which was sure to be a rejection of management's last offer. The important points recognized by the parties to the dispute were that some form of government action might well be forthcoming from Congressional debate were the strike to be prolonged, hence settlement might well have prevented the advent of compulsory arbitration.

Regarding prices, the Vice President noted that steel management had said there would be no price increase at this time. However, management feels the settlement costs in subsequent years will be more than the industry can absorb unless there is great cooperation on the part of labor with resulting productivity increases.

The President thought that this long strike ought to have made clear to the public the very difficult situations that could develop in the future.

CABINET PAPER—PRIVILEGED
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RA - 60-145

January 6, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Wednesday, January 6, 1960:

1. The State of the Union Message [As read aloud]

ACTION: Subject to final Presidential approval, changes suggested in the meeting will be made in the draft Message.

2. The Steel Strike Settlement [Chart]

ACTION: a) The Cabinet noted the Secretary of Labor's and the Vice President's description of the settlement process and terms and of the significance of this settlement now when weighed against any other alternatives.

b) The figures and terms mentioned are to be held in strictest confidence until the contracts have been signed and announced by the two parties.

ADDITIONAL ITEMS:

A. The President's South American Trip

ACTION: The President read to the Cabinet the text of the White House announcement on his trip, scheduled for 4:00 p.m. today.

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

January 5, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Wednesday, January 6

1. The State of the Union Message

You have called for this discussion of the State of the Union Message, of which there has been no distribution to Cabinet members.

2. Steel Strike Settlement (Secretary Mitchell)

The Vice President has asked that all the members of the Cabinet, not merely the members of his Committee on Price Stability for Economic Growth, hear a report from Secretary Mitchell on the settlement of the steel strike. This item is listed second in the thought that you may wish to leave the meeting at the conclusion of Item 1.

Robert Gray

	Steel	Can	Alcoa	Kaiser Steel
Value of Package on Comparable Items as Computed by Each (Including Cost of Living)	32.8¢	34.2¢	35.08¢	20.4¢
Length of Settlement	30 mos.	34 mos.	32 mos.	20 mos.
No. of Retroactive Months	(-2)	2	4	0
Average Annual Increase in Hourly Earnings Resulting from These Packages	3.75%	4.5%	4.2%	3.82%
Average Annual Increase in Employment Cost of Settlement Package if Applied to Steel Industry	3.5-3.75%	4.7%	4.7%	5.0%

Executive Session
NO RECORD
OF ACTION

THE WHITE HOUSE
WASHINGTON

THE CABINET

Agenda

2:30 p.m., Thursday, January 14, 1960

1. Operation Alert, 1960	(Director Hoegh)
2. The FY 1961 Budget	(Director Stans)
3. Briefing on the Missile Situation	(Director Dulles)
4. The Civilian Space Program	(Administrator Glennan)

Robert Gray

SECRET

TABLE 1

NASA MISSION TARGET DATES

Calendar Year	
1960	First launching of a Meteorological Satellite
	First launching of a Passive Reflector Communications Satellite
	First launching of a Scout vehicle.
	F First launching of a Thor-Delta vehicle.
	First launching of an Atlas-Agenda-B vehicle (by the Dept. of Defense)
	First suborbital flight of an astronaut.
1961	First launching of a lunar impact vehicle.
	First launching of an Atlas-~~Gxbx~~ Centaur vehicle.
	Attainment of manned space flight, Project Mercury.
1962	First launching to the vincinity of Venus and/or Mars.
1963	First launching of two stage Saturn vehicle.
1963-1964	First launching of unmanned vehicle for controlled landing on the moon.
	First launching Orbiting Astronomical and Radio Astronomy Observatory.
1964	First launching of unmanned lunar circumnavigation and return to earth vehicle.
	First reconnaissance of Mars and/or Venus by an unmanned vehicle.
1965-1967	First launching in a program leading to manned circumlunar flight and to permanent near-earth space station.
Beyond 1970	Manned flight to the moon.

TABLE II

CURRENT FUNDS & ANTICIPATED FUNDING REQUIREMENTS

Fiscal Year	1960*	1961	1962	1963	1964	1965	1966	1967	1968	1969
Research & Development								Extrapolated		
Launching Vehicle Development	57	140	163	230	375	325	295	235	210	210
Space Propulsion Technology	39	51	118	120	90	75	95	95	95	95
Vehicle Systems Tech.	13	30	47	49	50	50	50	50	50	50
Manned Space Flight	87	108	120	135	180	260	260	340	360	360
Scientific Investig. in Space	82	95	140	145	150	165	215	230	300	300
Satellite Applications	11	27	36	60	75	80	75	70	65	65
Aeronautical & Space Research	28	61	70	70	70	70	70	70	70	70
Space Flight Operations	16	33	42	50	55	60	60	60	60	60
Total Research & Devel.	333	545	736	859	1045	1085	1120	1150	1210	1210
Construction & Equipment	100	89	113	137	130	125	110	105	95	95
Salaries & Expenses	91	168	175	175	175	175	175	175	175	175
Advanced Projects						70	100	120	120	120
TOTAL FUNDS REQUIRED	524	802	1024	1171	1350	1455	1505	1550	1600	1600

*Includes 1959 Supplemental and 1960 Supplemental Request

TABLE IV

PERFORMANCE OF NASA LAUNCHING VEHICLES

Vehicle	1st Stage Thrust 1,000 lbs.	Mission		
		Low Earth Orbit	Moon Probe	Planet Probe
In Use:		Spacecraft Wt. Lbs.		
Redstone	80	Used in Project Mercury Development		
Atlas	360	Project Mercury Capsule		
Juno II	150	100	20	
Thor-Able	150	200	80	
Atlas-Able	360		370	
Under Development:				
Scout	100	200-240		
Thor-Delta	150	400-500	60	
Thor-Agena B(1)	150	1,200-1,500	350(2)	200(2)
Atlas-Agena B(1)	360	4,500-5,500	750-1,000	350-500
Atlas-Centaur	360	8,000-9,000	2,300-2,700	1,500-1,900
Saturn (Initially)	1,500	28,500	9,000	7,000

1. DOD Development
2. With additional stage

January 1960

1

MR. PRESIDENT AND MEMBERS OF THE CABINET:

THE PURPOSE OF THIS PRESENTATION IS TO OBTAIN YOUR APPROVAL OF OUR PLANS FOR OPERATION ALERT 1960. WE PROPOSE THAT IT BE CONDUCTED FOR THREE DAYS FROM MAY 2 THROUGH MAY 4. IT WILL BE RESTRICTED TO THE TESTING OF IMMEDIATE AND SHORT-TERM ACTIVITIES OF PEOPLE AND THEIR GOVERNMENTS UNDER SIMULATED EMERGENCY CONDITIONS. THE EXERCISE WILL NOT BE DIVIDED INTO PHASES AND COMPRESSED TIMES WILL NOT BE USED. ALL PARTICIPATING GOVERNMENTS AND THE PUBLIC WILL CONDUCT THE EXERCISE AT THE SAME TIME.

WE HAVE TENTATIVELY ARRANGED WITH THE FEDERAL COMMUNICATIONS COMMISSION AND THE BROADCASTING INDUSTRY TO HAVE A NATIONWIDE CONELRAD ALERT DRILL CONDUCTED ON

THE FIRST DAY OF THE EXERCISE. IT IS OUR HOPE, MR. PRESIDENT, THAT IT WILL BE POSSIBLE FOR YOU TO ADDRESS THE NATION OVER THE CONELRAD SYSTEM ON THAT OCCASION.

THE PROPOSAL FOR THIS EXERCISE HAS BEEN DEVELOPED WITH THE ASSISTANCE OF REPRESENTATIVES OF STATE AND LOCAL GOVERNMENTS, OF NON-GOVERNMENTAL ADVISORS TO THE OFFICE OF CIVIL AND DEFENSE MOBILIZATION, AND OF OTHER FEDERAL DEPARTMENTS AND AGENCIES, THROUGH THE CIVIL AND DEFENSE MOBILIZATION BOARD.

FOR THE FEDERAL DEPARTMENTS AND AGENCIES, THE REQUIREMENT FOR ACTIVE PARTICIPATION IS LIMITED TO KEY STAFF WHO HAVE EMERGENCY ASSIGNMENTS AT THE OFFICE OF CIVIL AND DEFENSE MOBILIZATION RELOCATION SITE. THE ACTIVATION OF OTHER RELOCATION SITES WOULD BE LEFT TO THE

DECISION OF THE HEADS OF THE AGENCIES INVOLVED. THOSE WITH ASSIGNMENTS AT OUR RELOCATION SITE INCLUDE THE HEADS OF MOST OF THE DEPARTMENTS AND AGENCIES. I ESPECIALLY ENCOURAGE THAT THEY ACTIVELY PARTICIPATE AT OUR SITE THROUGHOUT THE EXERCISE.

THE SENIOR OFFICIALS OF GOVERNMENT WOULD, IN THE EVENT OF A NUCLEAR ATTACK, NEED TO MAKE MANY MAJOR DECISIONS ALMOST IMMEDIATELY AFTER THE FIRST WARNING SOUNDED, AND MOST OF THE MAJOR POST-ATTACK SURVIVAL AND RECOVERY PROBLEMS WOULD BECOME EVIDENT AS SOON AS ATTACK DAMAGE REPORTS BEGAN TO FILTER IN.

MANY MAJOR NATIONAL RESOURCE MANAGEMENT PROBLEMS CAN AND MUST BE FACED IMMEDIATELY, BASED ON PERHAPS VERY FRAGMENTARY DATA. THIS EXERCISE WILL TEST OUR ABILITY TO ANTICIPATE SUCH PROBLEMS AND FORMULATE RECOMMENDATIONS FOR DECISION.

AT FEDERAL FIELD LOCATIONS AND WITHIN STATE AND LOCAL GOVERNMENTS, THE DEGREE OF PARTICIPATION WILL BE LEFT TO THE DISCRETION OF THE AGENCIES AND GOVERNMENTS INVOLVED. HOWEVER, I INTEND TO SEND A LETTER TO EACH OF THE GOVERNORS OF THE STATES, ENCOURAGING THEIR ACTIVE PERSONAL PARTICIPATION AND THAT OF THEIR ORGANIZATIONS.

ATTACK WARNING ACTIONS TO BE TAKEN BY FEDERAL EMPLOYEES IN THE WASHINGTON, D. C. AREA, WHO WILL NOT PARTICIPATE IN RELOCATION SITE ACTIVITIES, WILL BE COORDINATED BY MY OFFICE WITH THE CIVIL DEFENSE DIRECTORS OF THE DISTRICT OF COLUMBIA, AND THE STATES OF MARYLAND AND VIRGINIA. THESE ACTIONS WILL BE CONSISTENT WITH THE RECENTLY-DISTRIBUTED GUIDE FOR CIVIL DEFENSE ACTION IN THE WASHINGTON WARNING AREA.

THE PARTICIPATION OF THE PUBLIC IN OTHER AREAS WILL FOLLOW THE LOCAL PLANS, AND ITS EXTENT WILL BE AT THE DISCRETION OF THE STATE AND LOCAL GOVERNMENTS CONCERNED.

THE SITUATION TO BE TESTED IS THE DAY OF A HYPOTHETICAL NUCLEAR ATTACK ON THIS COUNTRY AND TWO DAYS THEREAFTER. THE ATTACK WILL BE DELIVERED IN PHASES BEGINNING WITH AN ASSAULT ON BASES OF MILITARY RETALIATION, AND FOLLOWED BY A SUBSEQUENT WAVE ON OTHER TARGET OBJECTIVES. THE ATTACK PATTERN WILL NOT BE KNOWN TO PARTICIPANTS IN ADVANCE. IT WILL NOT BE DISTRIBUTED AS A COMPLETE PATTERN EVEN DURING THE EXERCISE, ALTHOUGH SUFFICIENT INFORMATION REGARDING ATTACK EFFECTS WILL BE INSERTED INTO THE EXERCISE TO ALLOW ADEQUATE ACTIVITY.

THE ATTACK WILL BE IN THE NEIGHBORHOOD OF 1,000 MEGATONS AND THE AMOUNT OF INITIAL WARNING WILL BE WITHIN THE CURRENT MAXIMUM ESTIMATES OF THREE HOURS.

THE EXERCISE WILL BE SERVICED BY A MONITOR SYSTEM. MONITORS WILL INSERT TACTICAL INFORMATION INTO THE EXERCISE; OBSERVE THE CONDUCT AND PROGRESS OF THE EXERCISE TO INSURE THAT THE RULES AND STANDARDS ARE FOLLOWED; AND PREPARE EXERCISE REPORTS.

I BELIEVE THIS EXERCISE WILL TEST MANY IMPORTANT FACETS OF OUR NON-MILITARY PREPAREDNESS. CERTAINLY, THE PROBLEMS WILL NOT END AT D + 2 DAYS, BUT THE THINGS THAT ARE ABLE TO BE DONE DURING THAT PERIOD ARE PRECEDENT TO AND WILL INFLUENCE ANY SUBSEQUENT EMERGENCY ACTION.

WE HOPE TO TEST AND STRENGTHEN BY TRAINING OUR WARNING, COMMUNICATIONS, TRANSPORTATION AND MANPOWER PLANS, AND STAFF PROCEDURES.

THE TESTING OF OTHER ACTIVITIES, ESPECIALLY THOSE CONCERNED WITH THE LONGER TERM MOBILIZATION AND MANAGEMENT OF RESOURCES AND PRODUCTION, WILL BE UNDERTAKEN THROUGHOUT THE YEAR IN MORE LIMITED TYPES OF STAFF EXERCISES.

MR. PRESIDENT, I RECOMMEND YOUR APPROVAL OF THESE PLANS FOR OPERATION ALERT 1960.

CABINET PAPER—PRIVILEGED

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CP - 60-103

January 2, 1960

The White House

Washington

THE CABINET

OPERATION ALERT, 1960

For consideration by the Cabinet, attached is a paper presented by the Director of the Office of Civil and Defense Mobilization.

The paper describes and recommends the date and nature of the annual civil defense and defense mobilization exercise.

An earlier version of this paper was discussed at the December 17, 1959 meeting of the Civil and Defense Mobilization Board; what is attached has been amended to reflect the consensus of the CDMB discussion.

The attached document is now submitted for the concurrence of the Cabinet at an early meeting and for the approval of the President.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

CP - 60-103

January 2, 1960

The White House

Washington

THE CABINET

OPERATION ALERT 1960

Problem: To conduct the annual civil defense and defense mobilization inter-governmental and public participation training exercise, entitled Operation Alert.

Discussion: Operation Alert 1960 will be confined to the testing of immediate and short term responses of the people and their governments to a simulated nationwide nuclear attack. Longer term post-attack activities will be considered in other types of tests and exercises.

Exercise Purpose

Operation Alert 1960 will be designed and conducted in accordance with the National Plan for Civil Defense and Defense Mobilization and subordinate documents to test and exercise governments and the public as appropriate, in the following:

1. Action on warning, including shelter-evacuation, dispersal of key resources, and relocation of governments.

2. Collection, evaluation, analysis and presentation of attack data and weapons effects, particularly on communications, transportation and manpower.

3. Operational control and use of communications.

4. Early post-attack decisions and staff support of decisions on:

    a. Immediate survival problems, including the maintenance of governments.

    b. Emergency resource management of communications, transportation and manpower.

At the Federal Agency Headquarters, in addition to the purposes outlined above, the exercise will be used to measure the influence of continuous activation, and to test the interim relocation plan described in Cabinet Paper 59-98/1.

Time of the Exercise

The exercise will be conducted from the morning of May 3, 1960, through the late afternoon of May 5, 1960. There will be only one phase, and all participating elements will conduct the exercise at the same time. There will be no time compression. The simulated time will be D-Day through D plus 2.

Participation

Maximum participation of State and local governments and of the public is encouraged, but the actual extent and nature of participation will be left to the discretion of the jurisdictions concerned.

The Federal Government will conduct the exercise at National Headquarters in accordance with the interim relocation plan described in Cabinet Paper 59-98/1.

The OCDM Classified Location will be staffed with all Federal officials designated for emergency duties at that site. Other relocation sites may be activated for the exercise (in addition to their stand-by manning) at the option of the Federal agencies concerned.

Federal field offices will conduct the exercise from relocation sites where possible, to the extent permitted by available funds and other limitations, in accordance with current agency emergency plans.

Standards

The exercise will be conducted with current nonmilitary defense capabilities.

"Exercise" documents will not be used; Operation Alert 1960 will be conducted in accordance with the National Plan for Civil Defense and Defense Mobilization and its Annexes and with the Emergency Action Papers.

The attack pattern will not be known to participants before the exercise, and data provided during the exercise will be that which could reasonably be expected to be available under actual emergency conditions.

Some general features of the attack will be known to participants before the exercise. These are:

1. The attack will occur in waves during the first twenty-four hours of the exercise.

2. The attack will begin with strikes on bases of military retaliation.

3. Initial tactical warning will be less than three hours.

Monitors will be provided at major participating units to:

1. Substitute for personal observations and eyewitness reports which would, under actual emergency conditions, be the basis of attack data reporting. (When monitors are not provided, this will be accomplished by prepositioned sealed envelopes.)

2. Insure that exercise rules and standards are being followed.

3. Prepare consistent, accurate, and unbiased reports on the exercise.

A Nationwide CONELRAD test is planned.

Recommendations:

1. That Operation Alert 1960 be conducted from May 2 to May 4, 1960, according to the requirements for participation and the standards for conduct described above.

Implementation:

1. The Director, OCDM, will inform all participating elements of the exercise time, prepare and distribute the exercise standards, and direct the conduct of the exercise.

2. The Director, OCDM, will prepare a summary evaluation of the exercise, including recommendations for improvement or modification of the nonmilitary defense program as prescribed by the National Plan for Civil Defense and Defense Mobilization.

CABINET PAPER—PRIVILEGED

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CP - 60-103

January 18, 1960

Handled in
Exec session —
Staff Sect's briefing : no agenda —
memos to present ;
so never knew of was coming of

The White House

Washington

THE CABINET

Operation Alert, 1960

The attached approved paper is circulated for the action of Cabinet members, agency heads and their staff members designated for emergency duties.

This paper has been approved by the President today following the Cabinet discussion of January 14, 1960.

In approving the paper, the President is herewith asking department and agency heads personally to plan to be at the OCDM site for some part of the 48-hour period of the Exercise, using helicopter or other transportation as appropriate.

The Director of the Office of Civil and Defense Mobilization is to implement the provisions of this paper by appropriate directives which will be circulated to the participants.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

CABINET PAPER—PRIVILEGED

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January 18, 1960

The White House

Washington

THE CABINET

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CA - 60-146

January 21, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, January 22, 1960

1.	Financial Policy for Post-Attack Operations	CP - 60-100/1	The Chairman, Board of Governors, Federal Reserve System
2.	Chemicals and Food	CP - 60-105	The Secretary of Agriculture The Secretary of Health, Education, and Welfare
3.	Budget Policies	(Oral)	The Director, Bureau of the Budget
4.	Magazine Articles by Cabinet Members	(Oral)	The Chairman, Republican National Committee
5.	Cabinet Speech Requests	(Oral)	The Chairman, Republican National Committee
6.	Arrangements for Interdepartmental Review of the Secretary of Commerce's Report on Federal Transportation Policy and Program	(Oral)	The Secretary of Commerce
7.	Film of the President's December 3-22 Trip	(Oral)	The Acting Director, United States Information Agency

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By AWC NLE, Date 5-10-77

MINUTES OF CABINET MEETING

January 22, 1960

9:04 a.m. -- 11:10 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Mr. Livingston Merchant
  for Sec. Herter
Sec. Anderson
Mr. James H. Douglas
  for Sec. Gates
AG Rogers
PMG Summerfield
Sec. Seaton
Sec. Mueller
Sec. Benson
Mr. James O'Connell
  for Sec. Mitchell
Sec. Flemming

Sen. Morton
Mr. William McC. Martin, FRB (in part)
Mr. George P. Larrick, Food & Drug Adm.
Mr. Ervin L. Peterson, Agriculture
Mr. Abbott Washburn, USIA (in part)
Mr. John McCone, AEC

Amb. Lodge
Mr. Stans, BoB
  Mr. Elmer Staats
Mr. John Patterson, OCDM

Gen. Persons
Gen. Goodpaster
Mr. Gordon Gray
Mr. Morgan
Mr. Robert Gray
Mr. Anderson
Mr. Kendall
Mr. McCabe
Mr. Wallis
Mr. Merriam
Mr. Paarlberg
Mrs. Wheaton
Mr. Patterson
Mr. Minnich

Mobilization Policy - Financial Operations - Mr. Martin, of the Federal Reserve Board, submitted a final report of the Study Group, commenting that it was obvious from this work that planning against an emergency must be an every day type of thing rather than a weekly exercise.

Mr. Martin focused on two points: (1) that the basic fiscal concept in an emergency situation is that the country must be a "going concern," thus requiring a sharing of war losses; (2) that it is important from a psychological viewpoint to leave responsibilities with the agencies that normally have them until the time of an attack, after which all responsibilities would rest with the Secretary of the Treasury who could in turn redelegate them as desired. He stressed, regarding the "going concern" concept, that even those areas not hit should be fitted into the perspective of a plan that would make best use of all the remaining resources of the Nation. He said that an appropriate committee would be created under Gov. Hoegh to work out a specific plan. Regarding the retention of normal responsibilities until time of attack, he stressed the concurrence

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By DHC NLE, Date 5-10-77

of an advisory group of private bankers headed by Mr. John McCloy.

The President recalled again how important is the training of day by day planning, even though specific plans may have to be disregarded under the actual emergency conditions that may develop.

Mr. Merchant expressed Mr. Herter's assumption that the Secretary of the Treasury would consult with State Department on any actions having foreign implications, even though the basic responsibility for fiscal matters is his. Mr. Martin assured Mr. Merchant that all appropriate consultation would be accomplished with whatever departments were concerned.

FRB Payments - Sec. Anderson noted the opposition's jibes at the budgetary item of the Federal Reserve payment to the Treasury. He assured the Cabinet that there had been no arm twisting involved in this. Mr. Martin added that the Secretary of the Treasury was not even told about this until after the decision had been made with the full concurrence of the 12 Regional Boards. He stated that the discussion of this had begun last June, that Mr. Stans had been informed of the possibility, and that the decision had been made in December.

Mr. Stans commented that in any operation as large as an $80 billion Federal budget, there would always be windfalls, as well as adverse contingencies. Needless to say, Budget welcomed the decision.

Chemicals and Food - Sec. Benson first read a statement which emphasized the long standing practice of using chemicals to prevent extensive damage to crops from insects and disease, the extensive laboratory and practical measures taken to protect against health damage, the Agriculture Department's responsibility for insuring wholesome food and meat and the day by day activity thereunder, the desirability of avoiding sudden actions as much as possible so as to allow time for adjustments, and finally the very difficult problem involved in "zero tolerance."

Sec. Flemming reviewed the situation regarding the Delaney Amendment, as also research within the government on cancer inducing agents. He stressed the absence of precise knowledge at this time as to correlating experiments on animals with effects on humans -- and quantitatively the amounts needed to induce cancer in humans. He stated that Dr. Kistiakowsky had arranged for a scientific panel to look further at this problem.

Dr. Flemming noted some further problems that may develop as regards other products, and particularly food packaging practices. HEW is quietly looking into a great number of these things, he said.

The President asked about the dissemination of information to amateur gardeners about the dangers of some of these products. Secretaries Benson and Flemming informed him that adequate warnings were disseminated with the products and through various publications.

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Sec. Mueller spoke of his Department's interest in packaging problems, and commented on the way in which the Delaney Amendment shifted to the producer the responsibility for proving the safety of any item. Sec. Flemming said it was the law as a whole that was involved. With regard to requirements for proving safety of present practices, he said that he had authority for extending the deadline for a year under certain conditions, and he hoped that the people concerned would look to this possible relief and endeavor to qualify for it rather than merely belaboring the law when they were not necessarily hurt.

Mr. Rogers cited the possible complication of situations where it was impossible to prove that a thing was perfectly safe, even while there was a complete absence of any indication that it might be unsafe -- in short, outside the realm of proof or disproof.

Mr. Larrick and Mr. Flemming recognized that some unique situations like this might develop but that generally there were means for complying with the law.

At Sec. Benson's request, Mr. Peterson amplified the problem involved where a practice has been cleared for use, but where more sensitive testing procedures have subsequently been developed and suddenly threaten to render worthless great expenditures of time, money, and effort under privately approved procedures.

The Vice President thought the most important thing to be that of insuring a rational approach to these things, avoiding the creation of hysteria, and insuring that any punishment meeted out be fitting to the crime. Sec. Flemming noted the different degrees of difficulty in handling cases that result from intentional and unintentional procedures. The President thought that that anyone who deliberately misused these things should be prosecuted severely. Mr. Larrick stated that prosecution was being considered in a particular instance that had come to their attention.

Budget Policies - Director Stans enlisted the efforts of the Cabinet in insuring that Departmental personnel testifying on appropriations followed the guidelines set up last year. He stressed that personal opinions must be subordinated to the general need of the budget and the nation as a whole. He pointed out that there had been only three civilian departures from the guidelines last year, but that in the Department of Defense there had been twenty-three obvious ones and many more of a marginal nature.

Regarding Supplementals, Mr. Stans requested greater departmental attention to the BoB circular setting forth the conditions under which a Supplemental could properly be requested. This would obviate requests that could not possibly be approved. He noted the existence of many Congressional pressures for reducing the number of Supplemental requests.

Mr. Stans emphasized the importance of holding expenditures to existing estimates between now and June 30th, since there would be sharp

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criticism of the Administration if it went into the red after the many predictions made of a surplus this year, however small.

Mr. Stans cited the good record in holding down Federal employment. He noted that Departments had been asked to reduce another 2% below the levels for which funds had been appropriated to them. He stated that an average of a 1% reduction had been accomplished thus far, and that if another 1% could be had, then this would become the third year in a row without any employment increase.

The President heartily endorsed Mr. Stans' request. He noted how difficult it was to restore a sense of economy after the free spending psychology of wartime. He asked the Cabinet to look especially at employment levels, and he stated that he would see to it that Supplementals did not go through easily.

Congressional Relations - Mr. Summerfield mentioned some of the difficulties that he was having with Republicans on the Post Office Appropriation Subcommittee, and he wondered whether this was apparent in other areas. The President expressed his desire to take this subject up with the Legislative Leaders at the next meeting.

Gen. Persons noted that members of Congress are essentially rugged individualists, and that liaison cannot be limited merely to the ranking member of any committee or subcommittee. He encouraged the Cabinet to broaden their liaison efforts to include as many Republicans as possible.

Magazine Articles - Chairman Morton called attention to the arrangements made for a series of feature articles in Parade Magazine, and he asked that Cabinet members insure that their assistants carry out promptly the necessary story development.

Speech Making - Chairman Morton circulated a memorandum designed to accomplish the maximum Administration participation in major meetings throughout the country. He thanked the Cabinet for the improved cooperation that had been evident in recent months.

In response to a question from the President about the type of people that appeared on the various television interview programs, Senator Morton stated that there was good liaison with the program directors but that it must be remembered that the programs needed people having positions of leadership -- as witness the many demands now for Rep. Byrnes in view of the leadership position he assumed last year.

Mr. Stans reminded Chairman Morton that he was subject to the Hatch Act, but that it was possible nevertheless to make nonpolitical speeches in the proper tone. The President recalled how in 1952 he had refused to make any political speeches on a Sunday as he went through Montana. He focused his brief addresses on the religious beliefs of the Nation -- and Montana elected a Republican Governor!

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The President requested Chairman Morton to advise him and the Cabinet, after consulting his experts, as to the three or four things that could be most usefully included in every address. There was a brief discussion of effective remarks and techniques, such as the pine boards the President used to illustrate inflation in the 1952 campaign.

Transportation Policy - Sec. Mueller informed the President that the Ad Hoc Committee had fulfilled the assignment of making an exhaustive study during the past year of transportation problems, and that a near final draft was being circulated to the interested Departments today. He asked that Cabinet members give this their personal attention. He said that he would welcome any suggestions for improvement, though of course, the matters studied were so broad that not all Departments could be expected to concur in every detail. Gen. Persons believed it desirable to hold this at the top level of the Departments so as to protect against any leaks to the press at this time.

Juvenile Deliquency - Sec. Flemming recalled that in 1955, 1956, and 1957, the President had requested Congressional action in this field, and that in the spring of 1959 the Administration had cleared a bill which would have provided funds for a first effort on researching the scope of the problem. Sec. Flemming said that apparently Sen. Dirksen opposes the bill and questions the Administration's position with respect to it.

The President said he understood how Sen. Dirksen and Rep. Halleck might oppose this as just another new program that could burgeon into something tremendous; he felt, however, that this problem was one of terrific importance to the Nation, and that it would be entirely appropriate to have the sort of effort anticipated by the bill. Sec. Flemming thought that if the Senate would hold in its action to the type of bill cleared by the Administration, then the House would approve something very similar.

Sec. Benson asked if necessary efforts might be carried on without seeking legislation. Sec. Flemming answered that it was a matter of tactics on the Hill, and that the Administration could not properly refuse to support now what it had recommended in past years.

The President repeated his feeling that it would be appropriate for the Federal government to be active in delineating and advertising the problem so as to encourage action by those responsible within the States and localities.

LAM

L. A. Minnich, Jr.

Copy ~~to:~~
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

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THE WHITE HOUSE
WASHINGTON

January 21, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, January 22, 1960

1. Financial Policy for Post-Attack Operations (Chairman Martin, Federal Reserve Board)

In September, 1957, you appointed a committee chaired by Mr. Martin of Federal Reserve, and including Secretary Anderson, Director Stans, Director Hoegh, and Chairman Saulnier, to prepare recommendations on the above subject. Chairman Martin gave a preliminary report at Cabinet on September 11; his final report is now ready.

2. Chemicals and Food (Secretary Benson and Secretary Flemming)

Recently you requested that the Departments of Agriculture and Health, Education, and Welfare consult and develop a Cabinet paper on this subject. With the help of Mr. Paarlberg, this has been accomplished and a paper bearing the concurrences of Secretary Flemming and the Department of Agriculture has been circulated and will be presented at the Cabinet meeting.

3. Budget Policies (Director Stans)

At the last meeting of the Cabinet where Mr. Stans discussed the budget, he did not have occasion to raise two other points which he feels need to be set forth to the members of the Cabinet: (a) the importance of full support, by all witnesses and in all testimony, of the President's budget; and (b) the problem of handling requests for supplementals during the remainder of this fiscal year.

The Director wishes to speak to each of these points briefly at this meeting.

4. Magazine Articles by Cabinet Members

(Chairman Morton)

PARADE Magazine (Sunday supplement with 9,529,110 readers) has invited each of the members of the Cabinet to contribute one of a series of articles. Some have responded already, others apparently need the Chairman's reminder of the potential political value of this project.

5. Cabinet Speech Requests

(Chairman Morton)

Chairman Morton wants to pass out a one-page list of suggestions and tell the Cabinet of the importance of them.

6. Arrangements for Interdepartmental Review of the Secretary of Commerce's Report on Federal Transportation Policy and Program

(Secretary Mueller)

Pursuant to your assignment in last year's Budget Message, the Secretary of Commerce has completed his comprehensive report on Federal transportation policy. In order to provide for proper interdepartmental review, arrangements are being made for proper distribution through the Bureau of the Budget. Secretary Mueller will speak briefly to emphasize the importance of giving this review prompt and personal attention.

7. Film of the President's December 3-22 Trip

(Acting Director Washburn, USIA)

An excellent 35-mm color film has just been completed by USIA of your 11-nation trip in December. This film is so appealing that it was felt that the members of the Cabinet would greatly enjoy seeing it, and that you would likewise. The film takes 30 minutes; it is placed last on the agenda in order that you may leave early if you wish.

Bob

Robert Gray

STATEMENT OF SECRETARY OF AGRICULTURE -- ON CABINET PAPER CP-60-105

The matter before us deals with the very complex subject of chemicals as they relate to our food, its production, processing, and marketing. This is a subject in which both the Department of Agriculture and the Department of Health, Education, and Welfare have substantial direct Federal responsibilities and very important indirect responsibilities for liaison and coordination of activities with the corresponding agencies of State and local governments.

All segments of private business from the farmer to the retail store are affected in some measure by actions taken by Federal, State, or local governments in regulating the flow of food from producer to consumer.

The economic hazards of farming are traditional. Weather, insects, crop and livestock diseases, parasites, and predators threaten the farmer's annual harvest and destroy and deteriorate much that is harvested before it reaches the consumer.

Farmers spend an estimated half billion dollars a year to combat these many threats. Still they suffer annual losses in crops and livestock production estimated at a multibillion dollar level.

After farm products leave the farm, if no protective action is taken, bacteria, fungi, insects, and enzymatic change cause further product deterioration, contamination, and spoilage before these products are consumed. This not only results in further loss in product and quality, but also renders much of the affected food unwholesome and unfit for use.

We have long depended on chemicals in Agriculture to protect our crops, livestock and food products. Salt, nicotine, sugar, vinegar, wood smoke, saltpeter (potassium nitrate), sulfur, wood ashes (caustic soda), lime, blue vitriol (copper sulfate), and paris green are examples of chemicals with long established usage.

During the last 25 years, chemists and biologists have rapidly increased the array of chemical protectants. These include insecticides, fungicides, drugs for veterinary medicine, parasiticides, growth promotants, herbicides, fumigants, disinfectants, antioxidants, tranquilizers, antibiotics, and dil´u-ents. All these are necessary and are effectively used in the production and protection of our foods which are the most abundant, most wholesome, and of the best quality any nation ever enjoyed. (Chemicals are also widely used to protect our forests, both public and private, from attacks of devastating insects).

We have always relied on experience, as well as upon laboratory evidence, to establish the safe use of chemicals. Industry--free enterprise--bears the principal cost of developing and testing new chemicals. Laws under which it does so must be as firm as possible before it can make the substantial investment necessary to develop new products. The Department of Agriculture works with industry, with the Department of Health, Education, and Welfare, with States and with farmers, to assure development of effective chemicals and safe methods for their use.

The Department of Agriculture is charged by law with responsibility for the wholesomeness of meat, poultry, and their products marketed in interstate commerce. The diseased, the contaminated, the deteriorated products are rejected through our continuous inspection procedures. We quietly remove from channels of trade over a million pounds of meat and poultry products every working day. We regulate the chemicals used. We do a rigorous job. The general public has confidence in the results.

The Department of Agriculture also administers regulations for the safe use of pesticides. These are registered only for stipulated uses which will insure no residues in violation of tolerances established by the Department of Health, Education, and Welfare.

We work in daily cooperation with HEW in the development of pesticide regulations and in the educational work necessary to informed and proper use of such materials.

Following the adoption of the so-called "Delaney amendment" to the food additives amendment of the Food, Drug, and Cosmetics Act and the recent applications of the interpretation of the principle of that amendment by the Department of Health, Education, and Welfare in the case of cranberries and poultry, there has been confusion among producers, processors, distributors, and State officials, as well as among consumers, as to the status of chemicals in food. The Department of Agriculture strongly supports necessary measures to assure safety of the Nation's food supply. At the same time, we are certain that the use of chemicals is necessary to maintain the quality and quantity of that food supply. Ways and means must be found and accepted by which changes in the status of the acceptance of chemicals will be made with due consideration of the rights of food producers, processors, and distributors and of the concerns who supply them, who have acted in compliance with the law and regulations prior to the change. Reasonable time to make adjustments should be given consideration.

Our two departments, in harmony with similar activities in the States, have accomplished much in the past several years. The pesticide act and the pesticide amendment of the Food, Drug, and Cosmetics Act formed the basis for concerted action against the abuses of chemical usages which seemed to be growing following World War II. These acts also gave all segments of agriculture and those who supply agriculture an official basis for proper usage to avoid contamination of foods. We are proud of the good record that has been achieved in this work. However, we need to perfect our working arrangements to do an even better job.

The Cabinet Paper before you at this morning and this discussion give evidence that there are substantial areas of agreement between the two departments and the provision in the paper for improving liaison, supported by both departments, should we believe lead to the resolution of any differences. This would provide for adequate review before action is taken in one department which seriously involves the responsibilities of the other. We in Agriculture desire to keep the actions of the two departments in harmony with each other, especially in regard to questions of the safety and wholesomeness of food.

In a subject as complex as this one, it is inevitable that there will be honest and earnest differences of opinion between departments and between their professional experts. For example, recent action by the Department of Health, Education, and Welfare cancelling all existing tolerances for heptachlor in foods and feeds effective immediately, posed two problems for the Department of Agriculture. First, no time was given to dispose of foods which may contain residue within the heretofore approved tolerance, or foods which may pick up such residues from treatments already made. The Department of Agriculture had no alternative but to take the same immediate action in cancelling registrations of heptachlor uses based on the previous 0.1 PPM tolerance, with no regard for stocks of the chemical already legally in channels of trade. Second, there is no clear understanding of what constitutes "zero", which is stated in the order as the current tolerance. Such differences need to be most carefully analyzed and resolved by the departments concerned.

We believe this can be done

The Department of Agriculture will exert its best efforts to the end that our two departments can work in unison to achieve the objective of the Cabinet Paper.

1/21/60

Electrostatic reproduction made for preservation purposes by the Eisenhower Library for replacement of a deteriorating manuscript item.

New York Times
January 24, 1960

Mr Patterson
Did you see?
Ann

PESTICIDE PROBLEM STUDIED BY CABINET

Special to The New York Times.

WASHINGTON, Jan. 22—The fight between Ezra Taft Benson and Arthur S. Flemming reached the Cabinet level Friday.

It is understood that a general discussion of the positions of the Secretaries of Agriculture and Health, Education and Welfare was held in a Cabinet session with President Eisenhower but that no orders or directions had been issued.

However, it was said that the concensus of the Cabinet members was that the departments should seek better coordination.

The dispute stems from Mr. Flemming's condemnation of cranberries tainted by a pesticide and his ban on a hormone used to fatten chickens. Mr. Benson has obliquely suggested that Mr. Flemming unduly created a public scare and caused farmers undue economic losses by his handling of the problem.

It is also understood that the Cabinet discussed a suggestion that Mr. Flemming go slow in acting on some chemicals used in food pending the receipt of adequate scientific information that they are harmful to humans.

CABINET PAPER—PRIVILEGED

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COPY NUMBER 1

CP - 60-105

January 20, 1960

The White House

Washington

THE CABINET

Chemicals and Food

For consideration by the Cabinet, attached is a paper prepared by the Department of Agriculture and the Department of Health, Education, and Welfare with the assistance of the White House Staff.

This paper sets forth objectives and agreed considerations with respect to chemicals in food; describes the present statutory and policy responsibilities of the Departments of Agriculture and Health, Education, and Welfare together with the procedures each employs in making determinations as to the safety of chemicals in food.

The paper then spells out several problem -areas of common concern and makes a series of primarily procedural recommendations.

This paper to be supplemented by oral remarks by the Secretaries of the two Departments is submitted for the concurrence of the members of the Cabinet and for the approval of the President.

This document is being given limited distribution; special care is to be taken to protect its privileged nature.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

COPY NUMBER: 1

CABINET PAPER—PRIVILEGED

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CP - 60-105
January 20, 1960

The White House

Washington

THE CABINET

Chemicals and Food

I. THE OBJECTIVE

To maintain the safety, cleanliness, wholesomeness, and quality of the Nation's food supply; continuing public confidence in our food; stability of food production, processing, and marketing procedures; and public confidence in agencies of Government responsible for the food supply.

II. AGREED CONSIDERATIONS

A. A wide variety of chemicals (see Appendix 1) are used today in all phases of food production, processing, and marketing. They include chemical fertilizers, insecticides, and weed killers, antibiotics, antiseptics, preservatives, feed additives, fumigants, fungicides and others.

These chemicals are as essential for efficient production of foods on the farm as are tractors, improved varieties of crops, and better breeds of livestock. They play as great a part in assuring consumers a continuing supply of nutritious and appetizing foods as do our modern methods of food processing and marketing. The United States cannot continue to produce adequate amounts of safe and wholesome foods at reasonable prices, and to protect them from deterioration, without chemicals.

B. The various bureaus of the Departments of Agriculture and Health, Education and Welfare have long worked in close association with each other and with corresponding State and local government agencies to guard the food supply. The highly trained scientific and technical manpower in these bureaus have every desire to work in unison. Over-all policy must provide the basis for the effective use of their informed judgment.

C. Consumers expect safe, wholesome food of good quality and rely on Government, as set forth in the laws, to maintain sufficient controls to meet this expectation.

D. Producers, processors, and distributors must have the same end objectives as do the consumers in relation to safety, wholesomeness, and quality. Government can and does aid in maintaining this objective.

III. PRESENT RESPONSIBILITIES OF THE DEPARTMENTS OF AGRICULTURE AND OF HEALTH, EDUCATION, AND WELFARE

A. The Department of Agriculture administers laws that regulate the purity of food:

IV. PROCEDURES FOR GOVERNMENT APPROVAL OF THE SAFETY OF CHEMICALS EMPLOYED IN FOOD

In general, the person who wishes to promote a toxic chemical for uses that may leave small, safe amounts in food, must establish the safety of the proposed uses. He does this under the Federal Food, Drug, and Cosmetic Act by conducting appropriate laboratory tests (described in greater detail in Appendix 2) to determine:

A. How much of the chemical or toxic materials resulting from its use will remain in food. It is essential in this connection to have an analytical method, usable for enforcement purposes, for detecting excessive amounts should they occur in food in commercial practice.

B. What the effect of various dosages is on test animals.

C. That there is an adequate margin of safety between the toxic level of the chemical and the level proposed in food.

The promoter then furnishes these test results to the Department of Health, Education, and Welfare with a request for approval of his proposed use. Only when the Department grants approval may the product be employed legally. (The detailed procedures for approval vary depending upon whether the product is, by definition in the law, an antibiotic, a new drug, a pesticide chemical, or a food additive).

There are certain exceptions to the general requirement that use of a chemical have pre-marketing clearance for safety. These are relatively unimportant and thus are not listed.

If the chemical is an antibiotic veterinary drug or new drug or a pesticide to be used on animal or plant crops so that no residue remains on food as it is marketed, the promoter must show the Department of Health, Education, and Welfare (for antibiotics or veterinary drugs) or the Department of Agriculture (for pesticides) that under the proposed directions there will be no residue.

Evaluating the safety of chemicals added to food is extremely complex. Intensive scientific exploration in numerous laboratories develops new information almost daily. Inevitably there will be occasions in which the Government must rescind some of the authorizations it has granted for use of chemicals.

This has occurred in a few cases already. For example:

A. The tolerance for the pesticide chemical, heptachlor, had to be revoked because new data showed that the evidence presented by the manufacturer upon which the tolerance was granted was incomplete and inaccurate.

B. Approval for use of stilbestrol pellets in poultry had to be withdrawn because new data show that the use allowed left residues of this cancer-producer in edible parts of treated poultry.

(Procedures for revoking approvals of veterinary new drugs that leave residues in food need improvement; proposed remedial legislation has been drafted by the Department of Health, Education, and Welfare.)

C. With Respect to Liaison Arrangements

1. Federal-State-Local

States and localities have their own internal health and sanitation regulations; consequently continued emphasis must be placed on the notification and, in so far as possible, coordination of Federal policies and orders with those of lesser, interested jurisdictions.

2. Federal-Commercial

Food growers, processers and marketers and drug and chemical manufacturers have a vital stake in the policies and regulations of the Federal government in this area. Means should be found to ensure notification and consultation with such groups that are seeking to comply with the requirements of the law in order to avoid unfair economic harm, and in order to enlist what is fundamentally indispensable: their support for Federal policies and actions.

3. Interdepartmental

The Departments of Agriculture and Health, Education, and Welfare, which have primary responsibility under existing statutes, should strengthen their devices for interagency coordination at both staff and policy levels, with such consultation as may be appropriate with other Departments (e.g. Commerce and Justice) so that any Federal actions to be taken are based on the best available technical advice, are consistent with (or make agreed changes in) the policies of the respective Departments, and are publicly supported by all Federal officials.

D. With Respect to New Legislation

The Department of Health, Education, and Welfare should submit and the Administration strongly support the change in the Delaney Amendment described at the conclusion of Section VI-B above.

CP - 60-105

Appendix 1

Number and Kind of Chemical Substance that May Be in Food

At the hearings before a Select Committee of the House of Representatives of the 81st and 82nd Congresses to Investigate the Use of Chemicals in Foods, the Food and Drug Administration presented a partial list of 842 chemical additives that were used in or on foods. The 842 additives included 124 preservatives, in the broad sense of the term; 189 pesticides and plant growth regulators; 90 emulsifying agents, wetting agents, maturing agents, flour bleaches, etc.; 51 wax coatings, resins, plasticizers and other components of packaging materials; 24 acidulants, neutralizers and buffers; 274 flavoring agents and solvents; 24 artificial colors or color agents; 4 artificial sweeteners; and 33 vitamins and minerals.

Since those hearings, chemicals in foods, except food colors, have come under the regulation of either the Pesticide Chemicals Amendment (1954) or the Food Additives Amendment (1958) of the Federal Food, Drug, and Cosmetic Act.

Fact Sheet 1 presents essential information on the number and rate of introduction of new pesticide chemicals used in or on raw agricultural commodities under the Pesticide Chemicals Amendment.

Fact Sheet 2 presents essential information on chemicals added directly to foods which are regulated under the Food Additives Amendement.

Fact Sheet 3 presents information on the large number of chemicals which may be indirectly added to foods.

Fact Sheet 4 presents information showing the number of veterinary drugs, including antibiotics, that may be used in animal husbandry and may leave residues in red meat and poultry if not properly employed.

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Fact Sheet 1

Pesticide Chemicals in Foods Regulated under the Pesticide Chemicals Amendment

1. Number of pesticide chemicals, as of July 1, 1959 for which tolerances or exemptions from a tolerance have been established.............................. 104

2. Number of tolerances or exemptions from a tolerance established for the 104 pesticide chemicals, as of July 1, 1959.................................... 2070

3. Annual rate of introduction of new pesticide chemicals, based upon petitions for tolerances in past years... 40 to 50 per year

   An amendment to the Federal Insecticide, Fungicide and Rodenticide Act (1959) brought nematocides, plant regulators, defoliants, and dessicants under the regulations of the Pesticide Chemicals Amendment. Thus, in FY 1960-61 the annual rate of introduction of new pesticide chemicals will probably be double the usual rate.

4. Pesticide chemicals registered for use by the U.S. Department of Agriculture on a no residue basis.... 108

   (A petition for a tolerance or exemption from a tolerance is not required in such cases. Regulatory action is taken by the Food and Drug Administration where residues of such chemicals are found in food.)

Fact Sheet 2

Chemicals in Foods Regulated Under the Food Additives Amendment

(Chemicals Added Directly to Foods)

Functional Use	Approximate Number	Number Approved by FDA Since Enactment of Food Additives Amendment
Nutrient Supplements	43[a]	35
Nonnutritive Sweeteners	5	5
Preservatives, including sequestrants	115	57
Emulsifiers	90	9
Stabilizers and Thickeners	20	4
Acids, Alkalies, Buffers	50	37
Bleaching Agents, Bread Improvers	9	5[c]
Miscellaneous	100	35
	432	187
Flavoring Substances		
Spices and Extracts of Natural Spices	150	150[b]
Synthetic Flavors	1000	0
	1587	337

a. Source: The Chemical Industry Fact Book, 1960-61 edition, all other estimates in this column from FDA sources.

b. A Federal Register Notice will issue shortly exempting these flavoring substances from the requirements of the Food Additives Amendment.

c. Substances which have received prior sanction as to safety. Other substances in this category are not included in this tabulation.

Fact Sheet 3

Chemicals Which May Indirectly Find Their Way Into Foods

Use	Type	Approximate Number	Number Approved by FDA Since Food Additives Amendement Enactment
Food Packaging and Food Containers	Rubber compounds	150	180 [a]
	Paper	200	
	Can enamels	200	
	Plastics	300	
	Glass, aluminum, stainless steel and wood	150	
	Dyes, inks and special items	100	
	Total	1100	
Boiler Compounds		?	2 [b]

a. Of the remaining 920 chemicals, 84 are in the process of being cleared as safe; 70 can enamels received "prior sanction" as to safety; 100 are definitely unsafe; 756 are in an unknown category as to safety. Many of these are complex synthetic chemicals which do not occur naturally. Complex technical problems must frequently be solved before their safety can be evaluated.

b. Safety cleared by "prior sanction."

Fact Sheet 4

Veterinary Drugs Used in Animal Husbandry

1. Drugs to promote growth or increase utilization of feed are employed almost universally in commercial production of poultry and beef and to a lesser extent in hog raising. Preparations used are generally one or more of the following:

   Arsenic-containing compounds

   Hormones or hormone-like chemicals

   Tranquilizers

   Chemobiotics

   Enzymes

   Metabolism-lowering drugs

   Antibiotics

2. Additionally, drugs are widely employed in poultry and swine production, often by administration for long periods of time, to control disease. Some of the products mentioned above are also disease preventives. Others are:

   Sulfonamides

   Hygromycin

   Phenothiazine

   Cadmium

   Larvacides

3. Drugs for short term therapeutic use

   A wide variety of drugs is employed on a short term basis for treating diseases of farm animals. In general, the danger to the human food supply from this source is less than from groups 1 and 2 above.

Appendix 2

Tests to Determine Safety of Chemicals Added to Food

The anticipated biological effect of chemicals added to food (referred to hereafter as additives whether they be drugs, pesticides or food additives) on the health of the consumer can be determined only on the basis of pharmacological experimentation with test animals. However, before purposeful attention can be devoted to pharmacological study of a substance, it is necessary to know what it is; and in order to interpret the findings of that study in terms of safe usage of the substance, it is necessary to know how much of it will be contributed to the diet. If an additive is a pure chemical entity, it can be defined and identified readily; and if it remains unchanged during processing, the quantity remaining in the finished product can be correlated with the quantity added. However, in the modern production of foods, there are numerous instances of the use of substances which alter their identity under the conditions to which they are exposed during processing. It serves little purpose to evaluate the safety of the original substance alone, if it has changed to something else in the product eventually consumed. What it has become may or may not be more hazardous than the original substance, but that fact cannot be ascertained until the derivative has been identified by chemical means. Moreover, incidental additives, such as migratory packaging constituents, may be involved. Their identification may utilize many of the most complex analytical and synthetic processes available to chemistry.

Where a toxic chemical is proposed for use in food in safe amounts it is essential to have an analytical method that can be used to determine whether the finished food contains excessive amounts of the additive. Since many additives are extremely potent, very sensitive and specific methods of analysis are ordinarily required.

When the nature of the additive has been established by chemical identification, it is possible to evaluate its pharmacological effects. The safety of an additive is determined by feeding it to test animals to see whether it causes any deviation from the normal. Relatively small quantities of the additive are incorporated in a suitable diet, and fed over the life span of an animal, generally the rat. Further, the substance is fed to a second species of animal such as the dog. Where there is any question as to an additive's safety, special supplementary oral toxicity tests may be required: reproduction studies in rats over several generations; breeding studies in other animals to demonstrate effects on the newborn; and feeding studies utilizing animals with liver damage.

During the course of the feeding tests the animals are kept under close observation and abnormalities are noted. At definite intervals individual animals are sacrificed and autopsied; at the close of the experiment, the remaining animals are similarly examined. Autopsies include gross examination, weighing of selected organs, and microscopic examination of tissues.

An ever-present hazard in the simultaneous use of several related toxic food additives is potentiation. This is an enhancement of the sum of individual effects caused by administration of two or more chemicals to the same organism simultaneously. For example, a combined dose of malathion and EPN, two organic phosphate pesticides, may be fifty times as toxic to a test animal as the same dose of either substance individually. Most frequently such potentiation is unpredictable, and may be revealed only by pharmacological testing.

The most elaborate type of toxicity study is the test for carcinogenicity. Here, the experiment must continue for the lifetime of the animal and a large number of animals must be used. It must be remembered here, as in all pharmacological testing, that experimental results obtained for one species may not apply for men. It is a safe rule to assume, however, that man is at least as sensitive as the most sensitive species. A substance which produces cancer when fed to rats and mice should be considered capable of causing cancer when fed to man.

It is the purpose of the toxicity experiments to establish not only the highest feeding level at which no effect can be discerned, but also that level which produces a distinctly menacing effect on the animal as a whole, or on one or more of the vital organs. On the basis of these results, a tolerance may be calculated, taking into consideration an adequate safety factor, the proposed use of the additive, and the relationship of that usage to the total human diet. As a general rule one hundredth of the amount of a chemical that produces no harm when fed to test animals is judged to be a safe quantity in man's diet. In case the additive produces cancer, however, scientists do not yet know how to determine what would be a safe dose for man, and no quantity may be allowed in food.

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Appendix 3

Examples of the Types of Precautions that must be Observed in Using Chemicals in Connection with Food Production to Safeguard Public Health.

1. On arsenic-containing feeds for poultry and swine --

   Discontinue feeding 5 days before slaughter to permit elimination of the drug from edible tissues.

2. On penicillin ointments for infusion treatment of mastitis --

   Discard milk for 72 hours after treatment.

3. On Cadmium compounds to control worms in swine --

   Don't slaughter treated animals for food within 30 days after treatment.

4. On feeds containing Acetylaminonitrothiazole for poultry --

   Discontinue feeding one week before slaughter.

5. On feeds containing Nicarbazin --

   Discontinue use at least 4 days before slaughter.

6. On beef cattle feeds containing Stilbestrol --

   Discontinue use at least 48 hours before slaughtering animals.

7. On Chlordane or Toxaphene or Lindane to control chiggers --

   Keep poultry out of treated area for at least 2 days.

8. On Chlordane or DDT or Toxaphene to control flies around barns --

   Do not use in dairy barns.

9. On Dipterex or Diazinon or Lindane or Malathion to control flies in barns --

   Do not use in milk rooms or contaminate animal feed or water.

10. On Lindane or Nicotine sulfate to control poultry lice in hen houses, and on Lindane to control fowl tick in hen houses --

    Do not apply on birds or while birds are in house.

11. On Lindane or DDT to control lice on swine and on Lindane to control lice on beef cattle --

    Do not slaughter treated animals for 30 days.

12. On Toxaphene to control lice and horn flies on beef cattle --

    Do not slaughter treated animals for 28 days.

13. On Dow ET-57 to control cattle grubs in beef cattle --

Do not slaughter treated animals for 60 days.

14. On Methoxychlor to control horn flies on beef and dairy cattle --

Sprinkle on back and neck every 3 weeks. Do not use as spray or dip.

15. On Malathion for controlling aphids on walnut trees, pecan nut casebearers, black pecan aphids or mites on pecan trees --

Apply at least three days before harvest.

16. On Demeton for controlling aphids on walnut trees or mites or black pecan aphids on pecan trees --

Apply at least 21 days before harvest.

17. On TEPP to control black pecan aphids on pecan trees --

Apply at least 3 days before harvest.

18. There are restrictions on use of Dieldrin to control insects on fruits. For example:

a. On plum trees --

Do not use after first cover spray.

b. On peach trees --

Apply at least 45 days before harvest.

c. Additional restrictions for uses on apple and cherry trees.

19. On Parathion to control insects on fruit plants there are many restrictions. For example:

a. On plum trees --

Do not apply within 14 days of harvest.

b. On pineapples --

Do not apply within 35 days of harvest.

c. Additional restrictions on pears, peaches, grapes, cherries, apricots, apples.

20. Several restrictions are necessary on EPN for controlling insects on fruit plants. For example:

a. On plum trees --

Do not apply within 21 days of harvest.

b. Additional restrictions on apples, cherries, grapes, peaches, and pears.

21. On Malathion for controlling insects on fruits. Numerous restrictions are necessary. For example:

    a. On apples --

        Do not apply within 3 days of harvest.

    b. Restrictions are also required when Malathion is used on blueberries, cherries, grapes, mangos, passion fruit, peaches, pears, and plums.

22. Numerous restrictions are necessary on Nicotine for controlling insects on fruit plants. For example:

    a. On cherries --

        Do not apply within 3 days of harvest.

    b. Restrictions also required for use of Nicotine on apples, apricots, grapes, peaches and plums.

23. Restrictions are necessary for use of Demeton on fruit crops. For example:

    a. On apples --

        Do not apply within 21 days of harvest; do not make more than 3 applications in any season.

    b. On plums --

        Use only on non-bearing trees or after harvest.

24. Restrictions are necessary on TEPP on fruit crops. For example:

    a. On peaches --

        Do not apply within 3 days of harvest.

    b. Restrictions also required when TEPP is used on apples, apricots, and cherries.

25. Restrictions are necessary when Guthion is used on fruit crops. For example:

    a. On apples --

        Do not apply within 15 days of harvest.

    b. Restrictions also necessary when Guthion is used on apricots, peaches, and pears.

26. Restrictions are necessary on Diazinon on fruit crops. For example:

    a. On apples --

        Do not apply within 14 days of harvest.

b. Restrictions also required on cherries.

27. Restrictions are necessary for use of Methoxychlor on fruit crops. For example:

a. On apples --

Do not apply within 14 days of harvest.

b. Restrictions also required on apricots, blueberries, cherries grapes, peaches and pears.

28. Restrictions are necessary for DDT for use on fruit. For example:

a. On grapes --

Do not apply within 40 days of harvest; do not use a sticker with DDT after grapes reach buckshot size.

b. Restrictions are also required on apples, blueberries, cherries, apricots, peaches and pears.

29. Restrictions are required on Lead Arsenate for use on fruit crops. For example:

a. On apples --

Do not apply within 40 days of harvest.

b. Restrictions necessary also on cherries, grapes, peaches, apricots, pears and plums.

* * * * * * * * *

Similarly, numerous restrictions must be observed in applying pesticides to forage crops and vegetables. There are a greater number of restrictions in these crops than have been listed above for fruits, but for brevity only three examples are given:

Do not apply DDT or toxaphene to beet, broccoli, brussels sprouts, carrot, kohlrabi, leaf lettuce, rutabaga, or turnip after the first appearance of leaves, stems, or heads that are to be eaten, marketed, or fed to poultry, dairy animals, or animals being finished for slaughter.

Do not apply DDT or toxaphene to cabbage or to head lettuce after the heads begin to form if any of the outer leaves are to be left on them at harvest. DDT and toxaphene may be applied up to 7 days before harvest if all outer leaves are stripped from the heads at harvest.

Do not apply chlordane to leafy vegetables past the seedling stage of growth, or after the appearance of foliage that is to be eaten, marketed, or fed to dairy or meat animals.

CABINET PAPER—PRIVILEGED

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January 27, 1960

The White House

Washington

THE CABINET

Chemicals and Food

The attached approved paper is circulated for action by the Departments of Agriculture and of Health, Education, and Welfare, and for the information of other Cabinet members.

This paper was approved by the President at the Cabinet meeting of Friday, January 22, 1960 (RA - 60-146, Item 2).

In implementing the Recommendations of this paper, those responsible should take note of the specific interpretations and agreements set forth in the above-cited Record of Action.

The attached paper is being given limited distribution; special precautions should be taken to protect its privileged nature.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

COPY NUMBER: ____

CABINET PAPER—PRIVILEGED

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CP - 60-105

January 20, 1960

The White House

Washington

THE CABINET

Chemicals and Food

I. THE OBJECTIVE

To maintain the safety, cleanliness, wholesomeness, and quality of the Nation's food supply; continuing public confidence in our food; stability of food production, processing, and marketing procedures; and public confidence in agencies of Government responsible for the food supply.

II. AGREED CONSIDERATIONS

A. A wide variety of chemicals (see Appendix 1) are used today in all phases of food production, processing, and marketing. They include chemical fertilizers, insecticides, and weed killers, antibiotics, antiseptics, preservatives, feed additives, fumigants, fungicides and others.

These chemicals are as essential for efficient production of foods on the farm as are tractors, improved varieties of crops, and better breeds of livestock. They play as great a part in assuring consumers a continuing supply of nutritious and appetizing foods as do our modern methods of food processing and marketing. The United States cannot continue to produce adequate amounts of safe and wholesome foods at reasonable prices, and to protect them from deterioration, without chemicals.

B. The various bureaus of the Departments of Agriculture and Health, Education and Welfare have long worked in close association with each other and with corresponding State and local government agencies to guard the food supply. The highly trained scientific and technical manpower in these bureaus have every desire to work in unison. Over-all policy must provide the basis for the effective use of their informed judgment.

C. Consumers expect safe, wholesome food of good quality and rely on Government, as set forth in the laws, to maintain sufficient controls to meet this expectation.

D. Producers, processors, and distributors must have the same end objectives as do the consumers in relation to safety, wholesomeness, and quality. Government can and does aid in maintaining this objective.

III. PRESENT RESPONSIBILITIES OF THE DEPARTMENTS OF AGRICULTURE AND OF HEALTH, EDUCATION, AND WELFARE

A. The Department of Agriculture administers laws that regulate the purity of food:

1. The Federal Insecticide, Fungicide, and Rodenticide Act requires the registration of economic poisons (pesticide chemical formulations such as insecticides) shipped interstate. Before registering an economic poison, the Department determines, among other things, that its label bears directions for use which, if followed, are adequate to protect the public. The Department investigates interstate shipments of economic poisons to ensure compliance with the requirements of the Act. In case of violations it may seize the merchandise and prosecute the responsible party.

2. The Federal Meat Inspection and Poultry and Poultry Products Acts give the Department authority to determine, by regulation, what chemicals are safe and may be used in establishments producing red meat, poultry and products containing them for interstate commerce. Under the continuous inspection of meat, poultry and their products produced for interstate commerce, the Department has authority to condemn and prevent the movement of any such materials found to be unwholesome. In addition, the Department may cause prosecution of any person shipping meat, poultry and their products in interstate commerce which have not been inspected for wholesomeness in compliance with the requirements of the Act.

B. The Department of Health, Education, and Welfare administers the Federal Food, Drug, and Cosmetic Act, which regulates the purity of food in interstate commerce. The Department:

1. Approves labeling of new drugs and drugs containing antibiotics for veterinary use; in this way it determines that when shipped these drugs bear directions for use that guard against contamination of food from treated animals with hazardous drug residues. (Sections 505 and 507 of the Act.)

2. By regulation establishes tolerances for the residues of toxic pesticides (insecticides, fungicides, herbicides, etc.) that may safely remain on crops when they are marketed in interstate commerce. (Section 408 of the Act, also known as the Pesticide Chemicals Amendment.)

3. By regulation establishes safe conditions for use of food additives in food processing or handling, including chemicals for use in or on meat or poultry. (Section 409 of the Act, also known as the Food Additives Amendment.)

4. Investigates interstate shipments of veterinary drugs, (including, but not limited to antibiotics and new drugs), food additives, and food to determine that the drugs and food additives are properly labeled to guard against contamination of food and the food is free of unsafe drug or chemical residues. In case of violation the offending merchandise may be seized (Section 304 of the Act), and the person responsible for the violation may be enjoined from further violations (Section 302 of the Act) or prosecuted criminally (Section 303 of the Act).

IV. PROCEDURES FOR GOVERNMENT APPROVAL OF THE SAFETY OF CHEMICALS EMPLOYED IN FOOD

In general, the person who wishes to promote a toxic chemical for uses that may leave small, safe amounts in food, must establish the safety of the proposed uses. He does this under the Federal Food, Drug, and Cosmetic Act by conducting appropriate laboratory tests (described in greater detail in Appendix 2) to determine:

A. How much of the chemical or toxic materials resulting from its use will remain in food. It is essential in this connection to have an analytical method, usable for enforcement purposes, for detecting excessive amounts should they occur in food in commercial practice.

B. What the effect of various dosages is on test animals.

C. That there is an adequate margin of safety between the toxic level of the chemical and the level proposed in food.

The promoter then furnishes these test results to the Department of Health, Education, and Welfare with a request for approval of his proposed use. Only when the Department grants approval may the product be employed legally. (The detailed procedures for approval vary depending upon whether the product is, by definition in the law, an antibiotic, a new drug, a pesticide chemical, or a food additive).

There are certain exceptions to the general requirement that use of a chemical have pre-marketing clearance for safety. These are relatively unimportant and thus are not listed.

If the chemical is an antibiotic veterinary drug or new drug or a pesticide to be used on animal or plant crops so that no residue remains on food as it is marketed, the promoter must show the Department of Health, Education, and Welfare (for antibiotics or veterinary drugs) or the Department of Agriculture (for pesticides) that under the proposed directions there will be no residue.

Evaluating the safety of chemicals added to food is extremely complex. Intensive scientific exploration in numerous laboratories develops new information almost daily. Inevitably there will be occasions in which the Government must rescind some of the authorizations it has granted for use of chemicals.

This has occurred in a few cases already. For example:

A. The tolerance for the pesticide chemical, heptachlor, had to be revoked because new data showed that the evidence presented by the manufacturer upon which the tolerance was granted was incomplete and inaccurate.

B. Approval for use of stilbestrol pellets in poultry had to be withdrawn because new data show that the use allowed left residues of this cancer-producer in edible parts of treated poultry.

(Procedures for revoking approvals of veterinary new drugs that leave residues in food need improvement; proposed remedial legislation has been drafted by the Department of Health, Education, and Welfare.)

V. THE BAN ON CANCER-PRODUCING CHEMICALS

The Food Additives Amendment of 1958 requires the Department of Health, Education, and Welfare not to approve a chemical subject to that law for use in food, if it has been found to cause cancer when fed to test animals or to cause cancer by other appropriate tests.

This restriction is necessary because many competent authorities concur in the view that no one knows how much of a substance that induces cancer when included in the diet of animals will induce cancer when included in the diet of man.

The Department of Health, Education, and Welfare is applying the principle of this cancer clause in considering applications for approval of chemicals under other sections of the Food, Drug, and Cosmetic Act (antibiotics, new drugs and pesticides) where use of the chemicals will leave residues in food.

VI. PROBLEMS

A. The Enforcement Burden

1. In the Department of Agriculture:

Under the Federal Insecticide, Fungicide and Rodenticide Act, the Department of Agriculture has registered over 56,000 economic poison formulations. The majority of these involve uses on or in connection with production of food. Many of the registrations are for chemicals that have tolerances; others are for chemicals that are not allowed to remain on the food crops as they are harvested; in either event, the Department of Agriculture requires the registered label to bear directions which, if followed, will insure production of a crop that is safe from excessive chemical residues.

The Federal Insecticide, Fungicide and Rodenticide Act requires the Department of Agriculture to register economic poisons when the product is shown to be effective for its intended prupose, and safe, under the proposed directions.

2. In the Department of Health, Education, and Welfare:

The Food, Drug, and Cosmetic Act requires the Department of Health, Education, and Welfare to:

a. Approve use of antibiotics as veterinary drugs and as components of animal feeds when, under the proposed directions for use, the product will be safe and efficacious.

b. Allow new veterinary drugs to be marketed when, under proposed directions, the use will be safe.

c. Issue regulations establishing safe tolerance levels for pesticide chemicals on food and feed crops.

d. Issue regulations establishing safe conditions for use of chemical food additives in food and feed.

Under the Pesticide Chemicals Amendment, the Department of Health, Education, and Welfare has issued over 2,000 tolerances for about 100 toxic pesticide chemicals on various food crops.

Under the Antibiotics and New Drug Sections of the Federal Food, Drug, and Cosmetic Act, the Department of Health, Education, and Welfare has issued over 2,700 authorizations to manufacturers for use of seven chemicals in promoting growth or treating diseases of farm animals that yield human food. Additionally, it has exempted a number of other chemicals from the need of securing advance approval provided adequate directions for use and warnings against misuse appear in labeling of the products.

And under the Food Additives Amendment of 1958, the Department of Health, Education, and Welfare has already issued a few and soon will issue many regulations allowing food additives to be used in food production, handling or storage under conditions designed to yield safe residues.

In almost all of these cases, to avoid unsafe residues in food, the farmer, the food processor, or the food handler who uses the chemical must follow directions carefully.

Typical examples of the types of precautions that must be observed to safeguard public health are:

1. Do not market milk from cows treated with penicillin infusion for 72 hours after treatment.
2. Do not slaughter hogs treated with cadmium for at least 30 days following treatment.
3. Do not apply aminotriazole to cranberry bogs more than 7 to 10 days after harvest.

(A more extensive list of examples is given in Appendix 3.)

There is a strong economic incentive to use a chemical properly - to save a crop threatened by insects or disease, to effect manufacturing economies, or to preserve food about to deteriorate in storage or in processing. Investigations, however, by the Department of Agriculture and the Department of Health, Education and Welfare have shown cases in which, for economic or other reasons, misuse of chemicals has left illegal residues in food.

Each action that allows a new use of a chemical places an added enforcement burden on the Government, even though there are inadequate facilities for fulfilling the added burden. The fact that the approving Department believes that in many cases the approved directions for use of a product will not be followed, and that excessive chemical residues may therefore occur in food, ordinarily does not allow it to refuse to permit marketing of the new product. Under the present system it may be several years before the facilities for adequate enforcement are at hand. So there is a tremendous enforcement deficit.

B. The Problem of Zero Tolerance for Carcinogens

Under the operation of the Food and Drug Act, there are many situations in which the Food and Drug Administration after consideration of all the evidence, decides that it should not permit the use of a particular chemical. The Food and Drug Administration has an area of administrative discretion.

One situation has developed, however, where there is no administrative discretion: where the Food and Drug Administration is directed by law to prohibit the use of a substance if it finds that certain facts (as described in the law) obtain.

This the so-called Delaney amendment to the Food Additives amendment of the Food, Drug, and Cosmetic Act (the proviso in Sec. 409(c)(A)). This Amendment, as interpreted by the Department of Health, Education, and Welfare, prohibits the approval of any new use of a food additive regardless of amount if the substance is found to induce cancer upon ingestion by man or animal. The medical advice which supports this interpretation is that at present there is no man living who can tell how much or how little of a substance which induces cancer when included in the diet of animals is needed to induce cancer when included in the diet of man.

However, there are situations in which the Delaney clause accomplishes no possible public health protection. These occur where a chemical that produces cancer when fed to laboratory animals in large amounts is not allowed in animal feeds even though, as used, it causes no adverse effect on the farm animal and leaves no residue in human food derived from the treated animals. This should be corrected and legislation to accomplish this has been drafted by the Department of Health, Education, and Welfare.

VII. RECOMMENDATIONS

A. With Respect to Enforcement

1. The Department of Agriculture should develop proposals for consideration designed to prevent misuse of agricultural chemicals.

B. With Respect to Margins of Safety and Tolerance

Since this is initially a problem of technology and research, the Department of Agriculture should greatly increase, and encourage the cooperating State agricultural experiment stations and private foundations and industry groups to increase basic and applied research programs to develop new and improved chemical and biological methods for the prevention, control, and eradication of agricultural diseases and pests and the protection of foods without leaving residues of any questionable character.

C. With Respect to Liaison Arrangements

1. Federal-State-Local

States and localities have their own internal health and sanitation regulations; consequently continued emphasis must be placed on the notification and, in so far as possible, coordination of Federal policies and orders with those of lesser, interested jurisdictions.

2. Federal-Commercial

Food growers, processers and marketers and drug and chemical manufacturers have a vital stake in the policies and regulations of the Federal government in this area. Means should be found to ensure notification and consultation with such groups that are seeking to comply with the requirements of the law in order to avoid unfair economic harm, and in order to enlist what is fundamentally indispensable: their support for Federal policies and actions.

3. Interdepartmental

The Departments of Agriculture and Health, Education, and Welfare, which have primary responsibility under existing statutes, should strengthen their devices for interagency coordination at both staff and policy levels, with such consultation as may be appropriate with other Departments (e.g. Commerce and Justice) so that any Federal actions to be taken are based on the best available technical advice, are consistent with (or make agreed changes in) the policies of the respective Departments, and are publicly supported by all Federal officials.

D. With Respect to New Legislation

The Department of Health, Education, and Welfare should submit and the Administration strongly support the change in the Delaney Amendment described at the conclusion of Section VI-B above.

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Appendix 1

Number and Kind of Chemical Substance that May Be in Food

At the hearings before a Select Committee of the House of Representatives of the 81st and 82nd Congresses to Investigate the Use of Chemicals in Foods, the Food and Drug Administration presented a partial list of 842 chemical additives that were used in or on foods. The 842 additives included 124 preservatives, in the broad sense of the term; 189 pesticides and plant growth regulators; 90 emulsifying agents, wetting agents, maturing agents, flour bleaches, etc.; 51 wax coatings, resins, plasticizers and other components of packaging materials; 24 acidulants, neutralizers and buffers; 274 flavoring agents and solvents; 24 artificial colors or color agents; 4 artificial sweeteners; and 33 vitamins and minerals.

Since those hearings, chemicals in foods, except food colors, have come under the regulation of either the Pesticide Chemicals Amendment (1954) or the Food Additives Amendment (1958) of the Federal Food, Drug, and Cosmetic Act.

Fact Sheet 1 presents essential information on the number and rate of introduction of new pesticide chemicals used in or on raw agricultural commodities under the Pesticide Chemicals Amendment.

Fact Sheet 2 presents essential information on chemicals added directly to foods which are regulated under the Food Additives Amendement.

Fact Sheet 3 presents information on the large number of chemicals which may be indirectly added to foods.

Fact Sheet 4 presents information showing the number of veterinary drugs, including antibiotics, that may be used in animal husbandry and may leave residues in red meat and poultry if not properly employed.

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Fact Sheet 1

Pesticide Chemicals in Foods Regulated under the Pesticide Chemicals Amendment

1. Number of pesticide chemicals, as of July 1, 1959 for which tolerances or exemptions from a tolerance have been established.............................. 104

2. Number of tolerances or exemptions from a tolerance established for the 104 pesticide chemicals, as of July 1, 1959....................................... 2070

3. Annual rate of introduction of new pesticide chemicals, based upon petitions for tolerances in past years.. 40 to 50 per year

   An amendment to the Federal Insecticide, Fungicide and Rodenticide Act (1959) brought nematocides, plant regulators, defoliants, and dessicants under the regulations of the Pesticide Chemicals Amendment. Thus, in FY 1960-61 the annual rate of introduction of new pesticide chemicals will probably be double the usual rate.

4. Pesticide chemicals registered for use by the U.S. Department of Agriculture on a no residue basis.... 108

   (A petition for a tolerance or exemption from a tolerance is not required in such cases. Regulatory action is taken by the Food and Drug Administration where residues of such chemicals are found in food.)

Fact Sheet 2

Chemicals in Foods Regulated Under the Food Additives Amendment

(Chemicals Added Directly to Foods)

Functional Use	Approximate Number	Number Approved by FDA Since Enactment of Food Additives Amendment
Nutrient Supplements	43[a]	35
Nonnutritive Sweeteners	5	5
Preservatives, including sequestrants	115	57
Emulsifiers	90	9
Stabilizers and Thickeners	20	4
Acids, Alkalies, Buffers	50	37
Bleaching Agents, Bread Improvers	9	5[c]
Miscellaneous	100	35
	432	187
Flavoring Substances		
Spices and Extracts of Natural Spices	150	150[b]
Synthetic Flavors	1000	0
	1587	337

a. Source: The Chemical Industry Fact Book, 1960-61 edition, all other estimates in this column from FDA sources.

b. A Federal Register Notice will issue shortly exempting these flavoring substances from the requirements of the Food Additives Amendment.

c. Substances which have received prior sanction as to safety. Other substances in this category are not included in this tabulation.

Fact Sheet 3

Chemicals Which May Indirectly Find Their Way Into Foods

Use	Type	Approximate Number	Number Approved by FDA Since Food Additives Amendement Enactment
Food Packaging and Food Containers	Rubber compounds	150	180[a]
	Paper	200	
	Can enamels	200	
	Plastics	300	
	Glass, aluminum, stainless steel and wood	150	
	Dyes, inks and special items	100	
	Total	1100	
Boiler Compounds		?	2[b]

a. Of the remaining 920 chemicals, 84 are in the process of being cleared as safe; 70 can enamels received "prior sanction" as to safety; 100 are definitely unsafe; 756 are in an unknown category as to safety. Many of these are complex synthetic chemicals which do not occur naturally. Complex technical problems must frequently be solved before their safety can be evaluated.

b. Safety cleared by "prior sanction."

Fact Sheet 4

Veterinary Drugs Used in Animal Husbandry

1. Drugs to promote growth or increase utilization of feed are employed almost universally in commercial production of poultry and beef and to a lesser extent in hog raising. Preparations used are generally one or more of the following:

   Arsenic-containing compounds

   Hormones or hormone-like chemicals

   Tranquilizers

   Chemobiotics

   Enzymes

   Metabolism-lowering drugs

   Antibiotics

2. Additionally, drugs are widely employed in poultry and swine production, often by administration for long periods of time, to control disease. Some of the products mentioned above are also disease preventives. Others are:

   Sulfonamides

   Hygromycin

   Phenothiazine

   Cadmium

   Larvacides

3. Drugs for short term therapeutic use

   A wide variety of drugs is employed on a short term basis for treating diseases of farm animals. In general, the danger to the human food supply from this source is less than from groups 1 and 2 above.

Tests to Determine Safety of Chemicals Added to Food

The anticipated biological effect of chemicals added to food (referred to hereafter as additives whether they be drugs, pesticides or food additives) on the health of the consumer can be determined only on the basis of pharmacological experimentation with test animals. However, before purposeful attention can be devoted to pharmacological study of a substance, it is necessary to know what it is; and in order to interpret the findings of that study in terms of safe usage of the substance, it is necessary to know how much of it will be contributed to the diet. If an additive is a pure chemical entity, it can be defined and identified readily; and if it remains unchanged during processing, the quantity remaining in the finished product can be correlated with the quantity added. However, in the modern production of foods, there are numerous instances of the use of substances which alter their identity under the conditions to which they are exposed during processing. It serves little purpose to evaluate the safety of the original substance alone, if it has changed to something else in the product eventually consumed. What it has become may or may not be more hazardous than the original substance, but that fact cannot be ascertained until the derivative has been identified by chemical means. Moreover, incidental additives, such as migratory packaging constituents, may be involved. Their identification may utilize many of the most complex analytical and synthetic processes available to chemistry.

Where a toxic chemical is proposed for use in food in safe amounts it is essential to have an analytical method that can be used to determine whether the finished food contains excessive amounts of the additive. Since many additives are extremely potent, very sensitive and specific methods of analysis are ordinarily required.

When the nature of the additive has been established by chemical identification, it is possible to evaluate its pharmacological effects. The safety of an additive is determined by feeding it to test animals to see whether it causes any deviation from the normal. Relatively small quantities of the additive are incorporated in a suitable diet, and fed over the life span of an animal, generally the rat. Further, the substance is fed to a second species of animal such as the dog. Where there is any question as to an additive's safety, special supplementary oral toxicity tests may be required: reproduction studies in rats over several generations; breeding studies in other animals to demonstrate effects on the newborn; and feeding studies utilizing animals with liver damage.

During the course of the feeding tests the animals are kept under close observation and abnormalities are noted. At definite intervals individual animals are sacrificed and autopsied; at the close of the experiment, the remaining animals are similarly examined. Autopsies include gross examination, weighing of selected organs, and microscopic examination of tissues.

An ever-present hazard in the simultaneous use of several related toxic food additives is potentiation. This is an enhancement of the sum of individual effects caused by administration of two or more chemicals to the same organism simultaneously. For example, a combined dose of malathion and EPN, two organic phosphate pesticides, may be fifty times as toxic to a test animal as the same dose of either substance individually. Most frequently such potentiation is unpredictable, and may be revealed only by pharmacological testing.

The most elaborate type of toxicity study is the test for carcinogenicity. Here, the experiment must continue for the lifetime of the animal and a large number of animals must be used. It must be remembered here, as in all pharmacological testing, that experimental results obtained for one species may not apply for men. It is a safe rule to assume, however, that man is at least as sensitive as the most sensitive species. A substance which produces cancer when fed to rats and mice should be considered capable of causing cancer when fed to man.

It is the purpose of the toxicity experiments to establish not only the highest feeding level at which no effect can be discerned, but also that level which produces a distinctly menacing effect on the animal as a whole, or on one or more of the vital organs. On the basis of these results, a tolerance may be calculated, taking into consideration an adequate safety factor, the proposed use of the additive, and the relationship of that usage to the total human diet. As a general rule one hundredth of the amount of a chemical that produces no harm when fed to test animals is judged to be a safe quantity in man's diet. In case the additive produces cancer, however, scientists do not yet know how to determine what would be a safe dose for man, and no quantity may be allowed in food.

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Appendix 3

Examples of the Types of Precautions that must be Observed in Using Chemicals in Connection with Food Production to Safeguard Public Health.

1. On arsenic-containing feeds for poultry and swine --

   Discontinue feeding 5 days before slaughter to permit elimination of the drug from edible tissues.

2. On penicillin ointments for infusion treatment of mastitis --

   Discard milk for 72 hours after treatment.

3. On Cadmium compounds to control worms in swine --

   Don't slaughter treated animals for food within 30 days after treatment.

4. On feeds containing Acetylaminonitrothiazole for poultry --

   Discontinue feeding one week before slaughter.

5. On feeds containing Nicarbazin --

   Discontinue use at least 4 days before slaughter.

6. On beef cattle feeds containing Stilbestrol --

   Discontinue use at least 48 hours before slaughtering animals.

7. On Chlordane or Toxaphene or Lindane to control chiggers --

   Keep poultry out of treated area for at least 2 days.

8. On Chlordane or DDT or Toxaphene to control flies around barns --

   Do not use in dairy barns.

9. On Dipterex or Diazinon or Lindane or Malathion to control flies in barns --

   Do not use in milk rooms or contaminate animal feed or water.

10. On Lindane or Nicotine sulfate to control poultry lice in hen houses, and on Lindane to control fowl tick in hen houses --

    Do not apply on birds or while birds are in house.

11. On Lindane or DDT to control lice on swine and on Lindane to control lice on beef cattle --

    Do not slaughter treated animals for 30 days.

12. On Toxaphene to control lice and horn flies on beef cattle --

    Do not slaughter treated animals for 28 days.

13. On Dow ET-57 to control cattle grubs in beef cattle --

    Do not slaughter treated animals for 60 days.

14. On Methoxychlor to control horn flies on beef and dairy cattle --

    Sprinkle on back and neck every 3 weeks. Do not use as spray or dip.

15. On Malathion for controlling aphids on walnut trees, pecan nut casebearers, black pecan aphids or mites on pecan trees --

    Apply at least three days before harvest.

16. On Demeton for controlling aphids on walnut trees or mites or black pecan aphids on pecan trees --

    Apply at least 21 days before harvest.

17. On TEPP to control black pecan aphids on pecan trees --

    Apply at least 3 days before harvest.

18. There are restrictions on use of Dieldrin to control insects on fruits. For example:

    a. On plum trees --

       Do not use after first cover spray.

    b. On peach trees --

       Apply at least 45 days before harvest.

    c. Additional restrictions for uses on apple and cherry trees.

19. On Parathion to control insects on fruit plants there are many restrictions. For example:

    a. On plum trees --

       Do not apply within 14 days of harvest.

    b. On pineapples --

       Do not apply within 35 days of harvest.

    c. Additional restrictions on pears, peaches, grapes, cherries, apricots, apples.

20. Several restrictions are necessary on EPN for controlling insects on fruit plants. For example:

    a. On plum trees --

       Do not apply within 21 days of harvest.

    b. Additional restrictions on apples, cherries, grapes, peaches, and pears.

21. On Malathion for controlling insects on fruits. Numerous restrictions are necessary. For example:

    a. On apples --

        Do not apply within 3 days of harvest.

    b. Restrictions are also required when Malathion is used on blueberries, cherries, grapes, mangos, passion fruit, peaches, pears, and plums.

22. Numerous restrictions are necessary on Nicotine for controlling insects on fruit plants. For example:

    a. On cherries --

        Do not apply within 3 days of harvest.

    b. Restrictions also required for use of Nicotine on apples, apricots, grapes, peaches and plums.

23. Restrictions are necessary for use of Demeton on fruit crops. For example:

    a. On apples --

        Do not apply within 21 days of harvest; do not make more than 3 applications in any season.

    b. On plums --

        Use only on non-bearing trees or after harvest.

24. Restrictions are necessary on TEPP on fruit crops. For example:

    a. On peaches --

        Do not apply within 3 days of harvest.

    b. Restrictions also required when TEPP is used on apples, apricots, and cherries.

25. Restrictions are necessary when Guthion is used on fruit crops. For example:

    a. On apples --

        Do not apply within 15 days of harvest.

    b. Restrictions also necessary when Guthion is used on apricots, peaches, and pears.

26. Restrictions are necessary on Diazinon on fruit crops. For example:

    a. On apples --

        Do not apply within 14 days of harvest.

b. Restrictions also required on cherries.

27. Restrictions are necessary for use of Methoxychlor on fruit crops. For example:

a. On apples --

Do not apply within 14 days of harvest.

b. Restrictions also required on apricots, blueberries, cherries grapes, peaches and pears.

28. Restrictions are necessary for DDT for use on fruit. For example:

a. On grapes --

Do not apply within 40 days of harvest; do not use a sticker with DDT after grapes reach buckshot size.

b. Restrictions are also required on apples, blueberries, cherries, apricots, peaches and pears.

29. Restrictions are required on Lead Arsenate for use on fruit crops. For example:

a. On apples --

Do not apply within 40 days of harvest.

b. Restrictions necessary also on cherries, grapes, peaches, apricots, pears and plums.

* * * * * * * * *

Similarly, numerous restrictions must be observed in applying pesticides to forage crops and vegetables. There are a greater number of restrictions in these crops than have been listed above for fruits, but for brevity only three examples are given:

Do not apply DDT or toxaphene to beet, broccoli, brussels sprouts, carrot, kohlrabi, leaf lettuce, rutabaga, or turnip after the first appearance of leaves, stems, or heads that are to be eaten, marketed, or fed to poultry, dairy animals, or animals being finished for slaughter.

Do not apply DDT or toxaphene to cabbage or to head lettuce after the heads begin to form if any of the outer leaves are to be left on them at harvest. DDT and toxaphene may be applied up to 7 days before harvest if all outer leaves are stripped from the heads at harvest.

Do not apply chlordane to leafy vegetables past the seedling stage of growth, or after the appearance of foliage that is to be eaten, marketed, or fed to dairy or meat animals.

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January 13, 1960

Cabinet substantive
discussion (on this
Paper withdrawn
at the President's request)

THE WHITE HOUSE

Washington

THE CABINET

Federal Transportation Policy and Program -- (Report of the Secretary of Commerce)

For consideration by the Cabinet, attached is the Summary Report to the President from the Secretary of Commerce recommending specific measures to begin immediately the gradual development of a balanced national transportation system over the next decade.

In his Budget Message of January, 1959, the President said:

> "In recent years, the Federal Government has had to take actions to meet emergency problems which have arisen in highways, railways and aviation. These actions have sometimes been taken on a partial and piecemeal basis without full consideration of their impact on other transportation programs. The Secretary of Commerce, at my request, is undertaking a comprehensive study of national transportation to identify emerging problems, redefine the appropriate federal role and recommend any legislative or administrative actions needed to assure the balanced development of our transportation system."

During the past year, the Department of Commerce, with the help of advice from an informal task force of consultants and contractors, considered previous transportation surveys, the present situation, and the economic and technological forces at work affecting the future of national transporation.

The attached Summary Report is the result of this undertaking and the response to the President's assignment.

Other Cabinet Papers which have dealt with the matters raised in this comprehensive Report are:

> CP - 6 of December 8, 1954 and the final White House Press Release of April 18, 1955; CP - 57-64/1 of April 11, 1957; CP - 58-77/1 of April 22, 1958 and CP - 58-83 of July 2, 1958.

The Report as circulated here is preceded by an Index and by a one-page highlight summary.

This Report is to be followed at an early date by a supplemental and more technical document containing more detailed support for its findings.

The attached Report is intended to deal substantively with policy matters and not with the adequacy or problems of Government transportation organization. Advice to the President on this matter is being handled separately with the help of the President's Advisory Committee on Government Organization.

CABINET PAPER

For Consideration

Cabinet Members are requested to take special precautions to safeguard the privileged nature of this document which is being given only limited distribution.

Robert Gray
Secretary to the Cabinet

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25% COTTON

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CP - 60-104

January 13, 1960

Federal Transporation Policy and Program

Highlight Summary

OBJECTIVES

This program of recommendations is aimed at gradually bringing transportation toward the same free market orientation as the rest of our private free enterprise system. It hopes to achieve this by placing all transportation under conditions in which unhampered economic actions can produce the greatest efficiency and best service at lowest total cost.

To do this, it recommends less Government regulation, and neutrality of Government promotion in across-the-board user charges for publicly provided facilities, taxation, decreasing subsidies, routing of Government traffic, and encouragement of local efforts. It relies in part, as did the 1955 Report of Secretary Weeks, much more fully on industry competition as a self-regulator. However, it differs markedly in encompassing greater scope of subject matter, in recognizing the incompleteness of competition in transportation, and in gradualism of change to allow adequate time for adjustment.

RECOMMENDATIONS AND IMPLEMENTATION

The specific recommended legislative and administrative actions are designed as orderly steps toward establishing this system. It is regarded impractical to attempt suddenly sweeping changes in this area of the national economy -- which is as complex and sensitive as the human blood system.

The Report suggests the Federal office, under present government organization, which might logically implement each action.

CABINET PAPER

For Consideration

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January 13, 1960

Federal Transportation Policy and Program

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For Consideration

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January 13, 1960

LETTER OF TRANSMITTAL

Dear Mr. President:

In your Budget Message for 1960, you recognized that

> "In recent years, the Federal Government has had to take actions to meet emergency problems which have arisen in highways, railways, and aviation. These actions have sometimes been taken on a partial and piecemeal basis, without full consideration of the impact on other transportation programs."

To meet this critical situation, you said that I was, at your request,

> ". . . undertaking a comprehensive study of national transportation to identify emerging problems, redefine the appropriate Federal role, and recommend any legislation or administrative actions needed to assure the balanced development of our transportation system."
> (Underlining added)

This report tries to do the three underlined tasks.

The problems are many. We have selected only the major ones, identifying their main outlines and recommending solutions.

The appropriate Federal role is defined for a decade ahead, not into the indefinite future. It is conditioned by practical estimates of public acceptance and feasibility in addition to theoretical validity.

Recommended legislation and administrative actions are limited to the first few steps in the right direction toward our long-term goals. We feel this is far more effective than to try to achieve in one enormous step the ultimate system. The attached summary of actions specifies your Cabinet or Executive agency head who seems to be most logical to do the job. It is recommended that, after your review, you direct each of them to take the stated action. Legislation should be prepared for submission to Congress by the stated Executive Departments. Policies recommended for the regulatory agencies but not coupled with legislative actions, if not adopted within a reasonable time, should also be embodied in legislation.

A word on the underlying philosophy of Government regulation. In the long run, transportation should operate the same as the rest of the American free enterprise system. Regulation is needed primarily to protect the public against monopoly abuses, and as competition grows in transportation, regulation should shrink.

Some critics may overemphasize the recommended relaxation of rate regulation, and then assert that this report is merely a repetition of the 1955 Weeks Report. If this single issue were more than a fraction of the whole, and if the crucial principle of gradualism in change were ignored, and if this report were as limited in scope of subject matter, their contention might be partly true. Even then, they might as well concede that this part of the report is a restatement of American free enterprise principles. It is, and it should be. However, no small part of our research was designed to test the broad assertion of the Weeks Report that competition could be relied upon as the primary regulator. Our conclusion is that competition remains sufficiently imperfect in a number of situations still to require considerable safeguards.

As a member of your Cabinet, I am fully aware of your primary responsibility as President of 180,000,000 Americans. They are the ones who require efficient transport for a vigorous peacetime economy, and they must have the transport with which to defend themselves in time of war. They are the ones who ultimately pay for all transportation in the price of every ticket, and in the freight bills, and taxes, and in the cost of every article which they buy. As your Secretary of Commerce, I have given full weight to the views of transportation and other industries, but emphasis throughout is on the public interest, difficult though that may be to define.

Nevertheless, gradual change is far to be preferred to quick and sweeping alteration in the conditions under which carriers do business. Hence I consider it of particular importance that, while an early beginning be made, policy revision in an appropriate direction continue over a period of time. To do this, the Executive Branch should equip itself for continuing and effective review of the whole transportation position, and appropriate implementing actions.

FREDERICK H. MUELLER

Secretary of Commerce

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January 13, 1960

FEDERAL TRANSPORTATION POLICY AND PROGRAM

This report tries to answer basic questions for the arteries and veins of the body of our national economy -- transportation:

1. What should be our long-range objectives?
2. What is our present situation?
3. What should be our general approach?
4. What should be our timing?
5. What should be our major action programs?
6. How will these affect the carriers?

This report contains specific recommendations on pages 11-27. Their across-the-board impact by type of program on all modes of transport appears on pages 5-9. Their impact on each mode of transport is on pages 9-10.

This report is based to a large extent on consideration of the 2400 pages of underlying studies and advice by knowledgeable consultants, contractors, and others in various fields listed in the Bibliography and Sources.

1. LONG-RANGE OBJECTIVES

The nation requires policies which will encourage maximum efficiency in the performance of the transportation function. A part of the cost of nearly all goods and services purchased by the public represents payment for transportation of one kind or another. Hence a reduction in the cost of transport enhances the national product and enlarges the opportunities of all for the consumption of direct goods and services. Moreover, reduction of the cost of transport in relation to other things increases flexibility in the location of industry, in the exploitation of natural resources, and in the achievement of industrial efficiency. There is, in fact, a multiplier effect - for the quantity of improvement in the transport function is multiplied by the time goods reach the ultimate consumer. There is general and growing realization that less improvement has been made in distribution than in production of goods and that much of the remaining margin for the improvement of the nation's economic efficiency lies in the area of distribution. Transportation is the largest single element within that area.

The achievement of maximum efficiency in transport has become a complicated problem. For the growing opportunities contributed by the improved methods and technologies of transport have been accompanied by growing complexities within the transport industries as well as in the governmental policies which affect them. In the short run, efficiency requires that traffic be distributed among motor carriers, railroads, water carriers, pipelines and air carriers in such a way that each type receives the traffic which it can carry with the least consumption of resources by the carrier for the service standards required by the user. It requires also that several forms of transport be used in coordination where such a combination can produce a better service-cost result than any single form working alone. Finally it requires that every enterprise participating be ably and energetically managed.

In the long run, policy must encourage the reasonably prompt elimination of redundant capacity in any form of transport. More important, it must ensure not merely adequate growth of plant to accommodate economic growth, but that investment is made in each form of transport in accord with its potential contribution to an efficient overall transport system. This requires compatible standards for appraising investment in each form, whether the investment is governmental or private. Thus, the standards of public and private investment must be brought as close together as possible so that neither is favored over the other. Similarly, tax and regulatory policies must be neutral in their effects upon the attractiveness of investment in each of the types of transport. If these conditions are not secured, it will require larger total investment and greater annual costs for the operation of the transport system than is necessary. Such costs will be diverted from other forms of activity and will retard the growth of the economy, thus affecting the nation adversely.

Within this broad context, a practical plan should achieve clearly stated objectives in ten years. In transportation these goals are:

a. Adequate capacity. Our transportation system should be able to handle the growing future needs of peacetime domestic and international commerce, and of defense in possible wars.

b. Low cost. Transportation should be provided at the lowest reasonable total cost to the national economy -- shippers, travelers, carriers, taxpayers.

c. Low rates. Shippers and travelers should pay the lowest possible rates consistent with reasonable carrier costs and profits.

d. Customer choice. The public should be able to make free economic choices to meet its transportation needs.

e. Carrier initiative and health. Carriers should be able to use maximum individual initiative to improve the technical means of giving customers better and cheaper transportation, and should be afforded the opportunity to realize adequate profits for the nourishment of effective service and continuing development and technological innovation.

f. Federal promotion. Federal promotional policies must be neutral between competing carriers. No carrier group should get unfair advantage through Federal promotion, user charge, subsidy, taxation, or routing of Federal traffic.

g. User charges. Users who benefit directly from Federal facilities should, in the long run, pay their full fair share of the cost of building and operating them.

h. Subsidies. Subsidies to carriers should in the long run be reduced and then eliminated. Exceptions must bear the burden of proof that other requirements, notably defense, clearly override normal economic yardsticks.

i. Federal regulation. Rules must ultimately be equitable for all carriers. Federal regulatory philosophy must have a factual basis to achieve uniformity of policy.

2. PRESENT SITUATION

National transportation is presently out of balance. It is less a national system than a loose grouping of individual industries. We have built vast networks of highways, railways, inland waterways and seaports, airways and airports, and pipelines, with little attention to conflict among these expanding networks. Economic regulation has been administered in rigid compartments although many basic problems are common to many areas of transportation. Total capacity is not closely geared to total need.

The original transportation system reached physical and regulatory completion 40 years ago. This was the railroad system carrying three-quarters of the nation's freight and nearly all of its inter-city passengers. Only later did massive competitors grow. Tens of millions of cars, buses, and trucks came on to the nationwide system of highways. Federal interest revived in waterways, and for the first time investment began on an interconnected system. Thousands of planes flew the basic network of airways and airports. Pipeline networks crossed into all major areas.

Technology tremendously improved the rights of way and the vehicles. The new transportation grew in speed, flexibility, and reliability. Transport capacity boomed. The increase of capacity in the newer modes was not accompanied by substantial reduction in capacity of older modes nor was it clear that traffic shifts were always occurring because of real economic advantage of the newer modes.

Meanwhile, back at the railroads, industry practices and Federal regulation changed too slowly. They continued to base their system of rates on what the traffic would bear, charging more than real cost for much traffic to bring up average yield. The new competitors with more specific pricing for lengths of haul and sizes of shipment, took away traffic that the rails had been carrying at high value-of-service rates. The rails, especially in the northeast, became chronically sick and unable to command investment funds sufficient to prevent the rail system from becoming obsolescent. The diversion hurt because it was in the traffic with the greatest margins between rates and true costs.

Now the newer forms of common carrier transport also, still concentrating largely on competing with the rails, are generally blind in their turn to a growing competitive menace. Unregulated private and exempt carriers now haul nearly half of the intercity freight. The regulated common carriers are feeling the same competitive weapon they used against the railroads. They still base their rates to some extent on the competitive rail rates, instead of on true cost. The unregulated carriers can skim off the most profitable traffic, that with the greatest margin between prices charged and costs. Moreover, the distinctions between what is legitimate private or exempt transportation and what is subject to regulation are difficult to draw with precision. It is even more difficult to compel compliance with such distinctions.

Essentially the responsibility is and should be with common carriers to develop service standards and rate structures which enable them to hold their position against the possibilities for private and exempt transport and to diminish the temptation to illegitimate operations.

What is needed is broad, general revision of traditional rate structures to bring them more closely into accord with cost structures. Rates should be rational, based on cost studies and market facts, rather than opportunistic since sporadic and selective rate cutting can prove dangerous to the carriers and damaging to the public. Since the temptation to go this route is strong, appropriate regulatory restraint must be provided for the present. The regulatory system must, however, become more flexible and must, indeed, encourage the adjustment which is called for. Specifically regulatory restraint upon the upward adjustment of below-cost rates and upon the abandonment or readjustment of losing services must be very substantially removed.

3. GENERAL APPROACH

Long-range objectives can best be achieved by fostering an economically balanced transportation system. This balance is achieved when each mode of transport carries what it can haul most economically in view of quality of service, and when the entire system keeps adapting in quantity and type to the changing national economy. The present system is unstable and appears to be moving away from, rather than toward, an economic balance. The Government's policies represent a mixture of partly incompatible elements without clearly defined purpose.

Two major approaches are possible. One is the Government-regulation philosophy with centralized thinking from Washington. It would require stricter regulation of present carriers, extension of regulation to the private and exempt areas, and allocation of traffic by the Government rather than the shippers. It would be slower to adjust to rapid technological change. This we reject, believing that another alternative will work.

The other alternative is that in the long run the transportation system should be regulated by the same forces as the rest of the American free enterprise system: fair competition in price and service to the customers. Regulation in the long run should remain only where monopoly or the threat of destructive competition remains. This approach requires greater freedom for the carriers in setting their own rates and determining and developing their routes and services. The tighter regulation that was well adapted to protecting the public under the predominant monopoly of the railroads is no longer well suited to highly competitive transport networks. Common carrier rates of all kinds are rapidly becoming regulated by competition whether the common carriers like it or not -- the competition of highly developed private and exempt carriers. And conditions in the transportation industries, once a larger degree of market and cost information becomes available, promise workable results under substantially reduced regulation.

4. TIMING

The timing of recommended actions is of key importance. Most people will recognize the desirability of this report's long-range objectives. However, they must also recognize that a huge number of enterprises have invested great amounts of money and energy in transport as it has developed up to now. Workers have likewise invested long years of service in completing apprenticeships, developing skills, and acquiring seniority rights. They did this quite justifiably on the assumption that the rules of the game would not suddenly be changed.

Transportation has always been operated under a shifting balance between Government public-utility regulation and the normal economic freedom of other commercial enterprise. Further shifts which we are recommending must be at a pace slow enough to give everyone time to adjust.

Carriers need time to change services and costs as their competitors and customers change. Customers need time to gear their methods and investments to the transportation trends. The Executive and Legislative Branches of the Government need time to measure the effects of their actions and laws before going on, and to hear from all the people affected. Both carriers and the regulatory authorities require time to develop the wide range of information and the cost-finding techniques which are essential if we are to have rational carrier pricing, and if we are to minimize the risks of destructive competition.

This is basically why the recommended actions go only part way toward the long-range objectives. This is deliberate. Long-range goals should be approached step-by-step, with steady pressure in the right direction. Gradualism, with adequate time to adapt to change, is one major key to the approach recommended.

5. ACTION PROGRAMS

a. Federal investment and user charges. The Government should evolve and keep current a comprehensive plan for its investment in all types of transport facilities. Within each type of facility, it should continue to develop adequate standards of analysis to compare costs with benefits for each project. It should also devise standards by which to compare each primary area of investment (highways, rivers and harbors, airways and airports) with the others and with private transportation investment so that investment decisions can be made upon similar tests of need and public advantage.

User charges should be imposed wherever transportation uses Federal facilities. All groups of users should, as an ultimate goal, pay their fair share of operation and maintenance costs, as well as new Federal investment and interest. Rates should start low if there are none now in existence, and should scale up over a period of years. Advice from the paying users should also help set the size and type of investment program, and be an important check on wasteful investment.

In addition to relieving the general taxpayer of costs properly chargeable to others, this program will help make the Government a neutral as transportation competes in a freer market and will assist in insuring efficiency in the distribution of investment funds within the transport segment as well as in the economy at large.

b. Urban transportation. Metropolitan areas are increasingly congested with mass highway transportation, and are afflicted by rush-hour jams, parking area deficiencies, and commuter and rapid-transit losses.

This is primarily a local problem. But the Federal government contributes toward the problem with its huge highway program. It also has a deep concern in the railroad commutation passenger losses because of their effects upon the health of the railroad system and upon the extent to which the nation can secure the benefit of the railroad's capability for mass long-distance transport of freight.

The Federal government should encourage communites to make broad land-use plans with transportation as an essential part. It should consider as a long-run problem means by which such forward planning can be encouraged. It should also consider possible community charges on highway gateways and parking areas to help reduce the highway congestion and help finance the over-all transportation plan. Jointly with communities, the Federal authorities should consider the total urban transport situation so that Federal participation may contribute to the efficiency with which urban transport as a whole is performed.

c. National defense. In general, all actions that strengthen transportation systems in peacetime, and expand their capacity economically, also strengthen them for wartime use. The major single specific group of actions open to the Federal government in peacetime, not covered in other areas, is to route its own traffic via commercial carriers at rates and under conditions that closely approximate those which prevail for other traffic.

d. Government procurement of transportation. The Government should be motivated primarily like any other shipper, to get maximum transportation service at minimum cost. To do so, it should analyze its total distribution cost and the long-run effect of various modes of transportation on this total.

It should not use its unique position as mass shipper to wring special concessions from the carriers. And it should not operate its own transport to compete with the commercial system. Any exception should be extremely well justified for very clear and publicly stated reasons. The Government should support the common carrier system upon which the economy must rely, and which is so vital for national security.

e. Common carrier system. Common carriers should be strengthened by the greater rate and route freedom recommended, and by the Government routing of its own traffic along the lines suggested. The development of comprehensive user charges and certain recommended tax adjustments should also conduce to this end. However, wherever the free market forces of supply and demand favor private and exempt carriers under fair competitive conditions, Government regulation should not try to force traffic to less efficient carriers. Reliance should be placed upon the initiative of common carriers within the changed framework of government policy provided there is good reason to expect a strengthening of the common-carrier position as a result.

f. Through routing and coordination. All regulatory processes should encourage maximum through routing and coordination among and between all modes of transportation. The best means should be left to the industry--containers, piggybacking and fishybacking, standardization, joint bills of lading, etc. In the long run, more uniform thinking of the regulatory agencies should aid this. In the short run, as an interim step, joint regulatory boards should handle the multiple-agency problems of surface-ocean, surface-air, and air-ocean through routing. Generally, control of one mode of transport by another is neither necessary nor recommended, although a more flexible attitude on the part of the regulatory authorities is desirable where a clear demonstration can be made that increased efficiency will result.

Through routes and joint rates between several forms of transport are to be encouraged. It does not appear desirable to make such routes and rates mandatory, except that the appropriate joint boards might be given such authority in clear cases where the efficiency of the transport system as a whole can be improved and where it is shown that one or more carriers unreasonably refuse to participate in such arrangements to the detriment of the public interest.

g. Route regulation. Government regulation of authorized routes should be applied under uniform philosophies. The regulatory agencies should closely coordinate their route policies with rate regulation policies and factual traffic and cost-finding surveys. And special attention should be paid to the case where one mode competes with a joint service which it maintains in conjunction with another mode to insure that the cost relationships are reasonably reflected in the competitive rates.

h. Rate regulation. Government regulation should place the carriers in position to compete fairly with each other. Since rates are a crucial factor in the competitive struggle, changes should be slow. Otherwise, sudden large diversions of traffic might produce chaos in many transport markets. Broad and general revisions reflecting the underlying cost relationships are, however, to be preferred to sporadic and selective rate cutting activities.

All regulatory agencies should begin with the same basic facts -- a comprehensive cost finding study and a census of transportation. With less regulating to do, the deadly delays of multiplying case work should decrease. In particular, the effort to confine suspension to instances where substantial proof of unlawfulness is offered, should mitigate the delays upon appropriate adjustment.

i. Census of transportation. This is essential to give shippers, carriers, and Government the same factual basis for policy and practice. It should cover sources of traffic in the manufacturing, agricultural, and extractive industries, as well as common, contract, private and exempt carriers in all modes of transportation. It should show both geographically and by commodity the weights, sizes, volume, distances, rates, and type of carrier moving the traffic, as well as the reason for carrier selection. It should be repeated at regular intervals to inform us of trends as they are developing, and to measure the effects of actions taken. Without such a regular census, rational price action by carriers is impossible, as is regulation upon the standards here proposed. Although obtaining facts about their transportation market is primarily a responsibility of the transportation industry, the Government should take action to correct this lack of adequate information.

j. Cost finding. A critical element in rate freedom is the concept of prices based on costs. At present, too little is known about the relative costs of transporting traffic via the several modes and routes typically available to shippers. A comprehensive study should be made to explore the cost finding methods most likely to afford proper comparisons between the several forms of transport.

The effect of such a study cannot be overemphasized. Improved methods of cost analysis, when applied within a framework of agreed economic standards, will enable the transport industries to set prices and establish services more rationally. Regulatory agencies can then set maximum and minimum criteria rather than specific detailed rates, and the carriers will have the normal managerial initiative of other

American enterprises. And the regulated carriers can be equipped to meet the competition of private and exempt transportation where their cost and service capacities permit.

k. Subsidies. Steady pressure should be exerted to reduce and eliminate subsidies. The situation in the international sphere makes this far more difficult to accomplish than in the domestic area. The most important single direct subsidy is to the merchant marine, and the second largest is to local service airlines. No single action will cure these. For ocean shipping, a combination of actions is recommended, of which the most important is a sustained research and development program to reduce costs. For local service airlines, growth of normal traffic should combine with payment on the basis of service rather than carrier need, and joint air-motor service, to solve the problem over the years.

The economic problems of the non-contiguous states and territories arising from the high shipping costs in these protected trades have been called to our attention and it has been suggested that either foreign flag participation in these trades or subsidy should be provided. These issues turn, however, upon broader consideration than those of transportation policy herein discussed.

l. International. International problems of transportation must be treated quite separately from domestic. The primary yardstick for judging domestic enterprise, that of economics, is frequently of secondary importance in international affairs. Of great and often overriding importance internationally are strategic position, diplomatic prestige, and geopolitics. Normal commercial competitive forces are not within the nation's controllable closed system.

In this area, more reliance than usual must be placed on the common carrier system. In the face of strong foreign carrier competition, we cannot afford to spread our traffic thinly. Government traffic must move along with commercial traffic primarily by common carrier. Government military carrier operations must be reduced to the minimum.

m. Labor-management relations. Labor-management relations in transportation should be handled by a common concensus through collective bargaining. There are only three other alternatives: that labor impose its will on management, that management impose its will on labor, or that Government impose its will on both. The first two are impossible in a democracy. The third should be used only most reluctantly.

The normal price for free labor-management bargaining is public inconvenience when strikes occur. In a few cases, a strike may cause a dire emergency or public disaster, as when the milk supply is cut off from infants, or the entire food supply cut off from a large population. In such cases, the Federal government has no recourse but to force continuation of essential transportation.

As a long-run program, labor and management should give expert and objective study to the entire interrelated problem of wage rates and working rules. The Government should also spell out definite criteria to distinguish economic inconvenience from a national emergency for Federal intervention.

n. Continuing research. The recommended actions in this report are limited to initial steps. Obviously, long-range objectives must continually be reexamined. Further actions must be researched and recommended as conditions change. This requires an effectively staffed research and recommending function within the Executive Branch, which does not now exist.

6. EFFECTS ON CARRIERS

a. Railroads. Railroads are the outstanding unsubsidized "sick man" of transportation. Their billion-dollar-a-year losses from long-haul passenger business and some freight traffic should not be allowed to persist. They should in the long run probably take a larger proportion of the freight market they are economically suited for: long hauls, full carloads and trainloads, heavy-density mainline traffic. They should consolidate, rationalize, and drop duplicating facilities and obsolete plants.

Much of their problem is to be solved, however, primarily as they show initiative in developing policies which meet the test of the public interest. No substantial bar to consolidation exists under present law, an expeditious and flexible procedure for the abandonment of losing passenger services was opened up in the 1958 amendment and the trend of interpretation of existing law is favorable to equitable rate proposals which reflect a railroad cost advantage where it exists. Certain of our proposals should provide greater definiteness as respects this last, while the tightening of the suspension procedure should further reduce the use of this instrument as a mere delaying tactic. But so far as appears, much loss in the freight traffic is not the result of regulatory requirement but of a failure of the carriers to come forward with appropriate proposals for adjustment. Worse, they show a tendency to expand the area of unprofitable rates and actively to solicit business that can only be handled at a loss. The public is entitled to expect that rail carriers will face their problem upon a far broader and more energetic basis than hitherto. It is entitled to expect that they should be relieved of traffic which they cannot handle on as favorable terms as other carriers, as well as that they will actively put their best foot forward in those areas where they have an economic advantage. It is entitled also to expect that they will work cooperatively with other forms of transport to develop joint hauls which utilize several forms of transport in their respective areas of advantage.

b. Trucks. Trucks should be relieved of restrictions which are no longer necessary and should enjoy a greater uniformity in the requirements imposed by the states. They should not be required to travel only on certain highways, haul only very specialized commodities, omit loads in intermediate places on their normal routes. The readjustment in their authority to open the way to greater efficiency should be carried out as recommended; otherwise they could be pushed into a chaos of competition with every trucker coming in on top of every other.

As opposed to the railroads, they should concentrate on the shorter hauls, smaller consignments, lighter and more dispersed markets for which their flexibility suits them. No sharp dividing line can be discerned and the test of experience must be applied. But the development of both forms toward a concentration upon traffic in the handling of which they have a demonstrable advantage should mean gains in some types of business and the offset of losses in other types, as well as an increase in the total transportation market in which both will share.

They should be strengthened to fulfill the functions of a common carrier system. They should recognize that private and exempt carriers are handling traffic that they should haul and that, like the railroads, they should set in motion broad adjustments in the structure of their rates which more faithfully reflect their cost characteristics.

c. Buses. Motor transport of passengers should be allowed to expand as rail passenger services are discontinued. They and airlines should be informed of proposed rail passenger service discontinuation as far ahead as possible to allow rational planning for expanded bus and air service to the public. In the event that problems of service adjustment abandonment similar to those encountered by the railroads should develop, consideration should be given to extending to buses the provisions of the Transportation Act of 1958 with respect to rail passenger service.

d. Airlines. Airlines should continue to expand. Domestic regulation should be relaxed to allow greater airline freedom in setting rates, subject to maximum and minimum rate power of the CAB. Expansion of parallel route competition between domestic airlines should be temporarily halted, pending absorption of the huge new capacity in jets and turboprops, except for new through-plane jet service.

International airline trends should be carefully studied. Foreign competition has been growing rapidly. The Government should press consultations with foreign countries whose airlines appear to be violating agreed principles on capacity flown.

e. Merchant Marine. A merchant marine and shipbuilding industry are essential to national defense and peacetime commerce. To help these, the present essential trade route concepts and methods of subsidy payment are sound.

However, every effort should be made to reduce subsidy. The best hope for achieving this difficult objective lies in a comprehensive long-range research and development program, as in other progressive industries, tied in with the ship replacement program.

To increase traffic on American flag ships, actions should be taken to counter discriminatory foreign practices and to encourage U. S. industry to use U. S. vessels more.

A reexamination of national defense needs is recommended, but its effects cannot be measured until it has been made.

f. Inland Waterways. These carriers, 90 percent of whose traffic is exempt from all regulation, will be affected by slowly increasing user charges, and by changes in long-haul heavy-volume railroad rates. These rates must be regulated so that the rails cannot wage discriminatory and cutthroat competition against water carriers, nor thwart the development of joint services where these are more efficient than services performed by a single mode of transportation.

RECOMMENDATIONS

NOTE: These recommendations are concisely stated, and fuller discussion of what they are intended to accomplish appears in Volume 2 of this report.

Section 1.

FEDERAL ECONOMIC REGULATION -- CONTROL OF OPERATING RIGHTS

PROBLEM

What is the optimum program of controls of operating rights that will combine a maximum of desirable protection to the public with a maximum of managerial initiative for the carriers?

FEDERAL ROLE

The Federal Government should retain sufficient basic public utility controls to assure the public of adequate service at reasonable rates, and to allow the carriers stable conditions, adequate returns, and opportunity for improving their position by managerial efficiency. Deregulation should proceed gradually over an extended period of years.

RECOMMENDATIONS

Truck

1. Amend the Interstate Commerce Act to make operating costs, quality of service, and ability of efficient carriers to expand important factors in granting certificates and permits. (Legislation by Secretary of Commerce)

2. Eliminate certificate restrictions, on a time-phased program to be set by the ICC. (Interstate Commerce Commission) This program should allow periods of time between successive steps in which the industry can adjust, and the steps may be taken singly or in combination. The restrictions include:

   a. Route restrictions that require unnecessarily circuitous movement over specified highways, through gateway points, or through congested areas.

   b. Restrictions that prevent common and contract carriers from servicing all points within their authorized territories, and points through which their vehicles pass between authorized territories.

   c. Commodity restrictions, except for carriers of such specialized nature as to be unsuited to transporting general commodities. Even on these carriers, allow enough latitude for adequate and economical loads both outbound and inbound.

   d. Restrictions on type of service to be provided, except as necessary to confine carriers to common or contract carriage.

3. Retain present restrictions on rail-truck mergers or acquisitions of control when significant restraint of competition would be involved, unless increased efficiency and public advantage can be demonstrated. In determining the advisability of railroad participation in motor carriage, the tests provided in No. 1 above should be applied. The Interstate Commerce Commission should consider whether special restrictions upon certificates to motor carriers affiliated with railroads, which it has customarily imposed, should be continued in the light of such tests. (Interstate Commerce Commission)

Air

4. Continue long-run route policies which create competitive operations in the leading domestic trunkline transport markets. However, a moratorium should be called on additional parallel domestic route certifications where jet planes will be used, until the impact of jet service has been experienced and evaluated, except for new through-plane jet service. (Civil Aeronautics Board)

5. Eliminate or reduce duplication of routes between trunk-lines and local service carriers. (Civil Aeronautics Board)

6. Liberalize operating authorities of all airlines to allow greater freedom in routing of aircraft and adaptation to traffic needs. (Civil Aeronautics Board)

7. Legislation should be enacted so that the CAB could, in combination with relaxing rate and other detailed controls, grant certificates for limited types of service, but only if necessary to insure developing a defined mass air transportation market through no-frill, low-fare flights in high traffic-density markets. (Legislation by Secretary of Commerce)

8. Authorize local service airlines to serve cities via combined air-motor operations. (Civil Aeronautics Board)

9. Grant expedited treatment to carrier requests for authorization to provide service to points where rail passenger services are being suspended. (See Section 5.) (Civil Aeronautics Board)

10. Domestic airlines should no longer be eligible for subsidy after seven years of subsidy-free operation. (Legislation by Secretary of Commerce)

11. Subsidy to domestic local service lines should be based on service rendered, rather than carrier need as at present. (Legislation by Secretary of Commerce)

12. Prepare long-term analyses of past and probable future trends in international air transportation, to determine when a more restrictive policy should be adopted for foreign-flag airlines in competition with American-flag airlines. A possible long-run goal for American-flag airlines might be to carry approximately the same percentage of international air passengers in and out of the United States as is represented by the percentage of U.S. citizens to total travelers. (Secretary of Commerce)

13. Press capacity consultations with foreign air carriers whose operations seem to be in conflict with existing bilateral agreements. (Secretary of State)

Waterway

Same as Recommendation 1, so far as applicable.

Rail

See Sections 6 and 9.

Bus

See Recommendations 63 and 65.

Section 2.

FEDERAL ECONOMIC REGULATION -- CONTROL OF RATES

PROBLEM

What is the optimum program of rate controls that will produce a maximum of free market competitive pricing but retain the protection required by the public?

FEDERAL ROLE

The Federal Government should reduce such restrictions on the pricing freedom of carriers as stifle economic efficiency. The benefits of competition could then be passed on to the public through reduced rates. The Government should retain sufficient controls to prevent destructive competition aimed at driving out competitors on a bais other than economic efficiency, and to prevent excessive charges where there is little or no competition. This program must be closely coordinated with the program on control of entry, and should also proceed gradually. Under the revised regulatory standards and in the light of the economic circumstances in the transport industry, in the long run, rates should come to be based primarily on cost.

RECOMMENDATIONS

Rail and Truck

14. Set a floor for competitive pricing by amending the National Transportation Policy to define "unfair and destructive competitive practices" to include only rates below the long-run marginal costs of the carrier making the rates.* As a practical interim measure, we may use

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* The competition of routes of a single mode with through routes or joint services by several modes (as rail-water), including the mode capable of through service on its own, creates particular problems. Where the single mode reduces rates competitive with a joint service which it has or is required to maintain, its factor of the rates for the joint service or the local rates which make a part of the combination for such joint service, should bear the same relationship to the cost of service as proposed for the competitive rates. In the alternative, where the Commission or a joint board has power, a relationship of the rates should be prescribed which reflects the relative costs by the two methods of transport.

the ICC's definition of out-of-pocket costs, which may often err on the high side for railroads, and which include a return upon 100% of the mobile plant and 50% of the fixed plant. For a practical measure presently available they should be used, but should be improved as recommended in the section on cost finding. (Legislation by Secretary of Commerce) Also, bring present minimum rate orders into line with this standard. (Interstate Commerce Commission)

15. Retain present standards of reasonableness for maximum rates, but preclude the prescribing of maximum rates at less than the full cost of the service involved. Also, bring present maximum rate orders into line with this standard. (Interstate Commerce Commission)

16. Amend rate suspension provisions to require a substantial showing, not just statements, as grounds for suspension. The long-term program looks toward eventual elimination of the suspension process. The interim program would call for the ICC to require the carrier proposing the rate to have a justification in the matter of costs, and for protesting parties to have a real and factual basis for protest on grounds of destructive competition, as redefined, or on grounds of unjust discrimination. (Legislation by Secretary of Commerce)

17. Provide that ICC establish minimum rates upon joint application of carriers competing in special "all or nothing" markets where competition may well be unstable. This group of exceptional cases usually includes those markets with either one shipper who will not divide his traffic, or a small number of shippers who react alike so that a price change may well get the carrier all of the market or none. They may include also those markets in which the cost structures of several forms of transport are so nearly alike as to be practically indistinguishable. (Interstate Commerce Commission)

18. Amend Section 4 on long and short haul rates to require that reduced rates must be compensatory, defined for this purpose as not "destructive" as in Recommendation 14 above. (Legislation by Secretary of Commerce)

Air

19. Encourage the initiative of the airlines in setting rates by limiting CAB rate power to maximum and minimum. CAB should use this power only in exceptional cases, not routinely. Maximum rate power should be applied mainly to monopoly points, minimum rate power primarily to competitive points. (Legislation by Secretary of Commerce)

20. The Government should encourage international air carriers to reduce fares as rapidly as possible, consistent with costs. (Civil Aeronautics Board)

21. The CAB should not be given the additional power to fix international rates directly at present. Trends should be watched, of the costs of U.S. as compared to foreign flag carriers so that, well in advance of need to protect U.S. carriers by subsidies or minimum rates, the Government should decide when and if such rate power can be granted. (Secretary of Commerce)

22. Minimum rates for military traffic should not be below levels considered reasonable by the CAB. (Secretary of Defense)

Section 22 - All Transportation

23. Section 22 of the Interstate Commerce Act, dealing with bidding on Government traffic, should be studied by the ICC to reach conclusions on the relative levels of Section 22 and regular tariff rates, amount of traffic which moves under these rates, importance of rate concessions other than rates, and extent of voluntary quotations as opposed to those solicited by Government agencies. (Interstate Commerce Commission)

24. Section 22 quotations should be on standard forms, always filed with the ICC in advance and not sometimes retroactively, always written and not sometimes oral. (Interstate Commerce Commission)

Section 3.

COST-FINDING AND CENSUS OF TRANSPORTATION

PROBLEM

What are the best cost finding procedures to guide carrier pricing and Government regulation?

FEDERAL ROLE

The Federal government should encourage development of methods for comparing relative carrier efficiency. It should facilitate the collection of complete and consistent cost and statistical information about all modes of transportation. It should encourage the use of analytical techniques designed to provide more precise measures of the costs associated with specific traffic or services. This program must be fully coordinated with the program on control of rates.

RECOMMENDATIONS

All Transportation

25. Organize, staff and finance a special task force to explore the practical applications of modern mathematical and electronic techniques as a basis for improved cost-finding. The task force should have active participation at both policy and working levels by personnel of individual carriers, carrier trade association, and regulatory agencies of all modes. (Secretary of Commerce)

26. Carriers should begin, assisted by their trade associations, to develop computer cost analysis programs for use in common by principal sizes and types of carriers. (Carriers)

27. All regulatory agencies, and ICC in particular, should expand use of electronic data processing in cost analysis. (Interstate Commerce Commission, Civil Aeronautics Board, Maritime Commission)

28. Establish an *ad hoc* joint body to produce a greater degree of comparability in all Uniform Systems of Accounts, and to reorient reporting requirements towards cost ascertainment needs. (Same)

29. Enact legislation authorizing and providing funds for a Census of Transportation as soon as possible. Among numerous other benefits this will provide an improved basis for forecasting probable traffic volumes,

which improves cost estimation because of the relationship between unit costs and demand for transportation service. (Legislation by Bureau of the Census)

Truck and Waterway

30. Require more factual information by motor and especially water carriers, for cost comparisons. (Interstate Commerce Commission)

31. Temporarily retain costing based on "Rail Form A." Provide the I. C. C. with staff and funds to study possible improvements. (Director of Bureau of the Budget)

Air

32. Modify the present ATA formula to provide for adjustment for specific route conditions. (Air Transport Association)

Section 4.

FEDERAL INVESTMENT AND USER CHARGES

PROBLEM

Should the Federal Government establish, maintain, and operate any transportation rights-of-way and facilities and should it then charge for their use?

FEDERAL ROLE

The Federal Government should continue to establish and maintain the ground facilities it has historically provided -- highways, airways, airports, waterways, and seaports, -- common user facilities more appropriately provided by Government than by private institutions.

The national transportation role will be carried out most effectively if public investment decisions are based on analytical procedures using objective criteria comparable to those which govern the economy at large.

The Federal Government should continue user charge systems where they exist, and should establish such systems where none now exists. The long-range goal should be a level of charges that would include allocated operating and maintenance costs, as well as new investment and interest charges. This should be achieved by means of gradually increasing rates to the users over a period of years.

RECOMMENDATIONS

All Transportation

33. The Government should establish a transport investment planning staff to use objective analytical methods in making unified, long-range federal investment plans to be published and included in the annual budget document. (Secretary of Commerce) This staff should

a. As an interim step, make the fullest possible use of methods and techniques of analysis now used by the Bureau of Public Roads, Corps of Engineers, and Federal Aviation Agency.

b. Analyze and evaluate the project and program evaluation methods currently used by these agencies, and examine all other Government and industry methods of investment analysis and planning, so analytical methods will be subjected to continuous study and periodic revision. Emphasis should be on consistent economic comparison between highway, waterway, air transport, and rail transport facilities.

c. Develop and use techniques for measuring and forecasting total transportation needs in the economy in the aggregate and by mode of transportation.

d. Estimate long-range transport investment based on transport needs and an inventory of existing transport facilities, by types of transport and by public or private investment.

e. Prepare long-range Federal investment programs, published as six-year advance planning schedules similar to those now required of Federal agencies engaged in direct construction activities, and incorporate in budget requests.

f. Establish user charge systems to carry out the Federal Role stated above.

34. Appoint advisory groups of users to make recommendations on the engineering and economic feasibility of Federal investment programs. (Bureau of Public Roads, Federal Aviation Agency, Army Engineers.)

35. Continue studies currently under way in Bureau of Public Roads and modify or adapt as necessary for comparability with all other modes. (Bureau of Public Roads)

Airways

36. Enact legislation to establish a system of airway user charges, recognizing present gas taxes as a beginning, plus similar taxes on kerosene-base jet fuel, with step-by-step increases in aviation fuel charges for a specific number of years. Begin a comprehensive study of airway costs. (Legislation and study by Secretary of Commerce)

Airports

37. Measure the present and estimated future percentages of interstate and military operations at each airport. (Administrator of Federal Aviation Agency) Enact legislation to authorize Federal grants toward airport construction costs based on these percentages, and enact legislation to establish Federal landing charges at airports receiving new Federal grants-in-aid, including step-by-step increases in charges for a specific number of years. (Legislation by Secretary of Commerce) Begin a comprehensive study of airport construction and improvement costs, financing, operating costs, sources of airport revenues, ability of airport users to pay Federal and local landing charges, and alternative methods of charging. (Administrator of Federal Aviation Agency)

Waterways

38. Enact legislation to establish a system of waterway user charges, specifying an initial low level of fuel taxes and step-by-step increases for a specific number of years. (Legislation by Secretary of Commerce)

Section 5.

DEFENSE READINESS, GOVERNMENT PROCUREMENT AND OPERATION

PROBLEMS

How can the U. S. maintain adequate transport readiness for possible wars -- limited "brush fire" or all-out nuclear -- at reasonable economic cost for the indefinite future?

How should the Government procure transportation to meet peacetime needs and be ready for wartime requirements?

How much transportation should the Government operate itself?

FEDERAL ROLE

National survival requires guaranteed effective transportation for possible war fronts and the home front. National economy requires that transportation resources be sustained at minimum cost.

The best solution occurs when the normal peacetime economy develops a transportation system adequate for wartime. For domestic surface transport, other recommendations in this report will make this substantially true. For air transport, the recommendations below should help provide this readiness. For ocean transport, see Section 7.

The Government should formulate and continuously up-date its estimated requirements for direct military and essential civil transportation in wartime.

The Government should route its own traffic by the mode of transportation that gains it the greatest overall economic advantage of minimizing total distribution cost. It should route the great bulk of its traffic by common carriers at reasonable cost-related rates. Military and other Government procurement of transportation should conform to general national transportation policy as fully as private shippers.

The primary principle of economic self-interest should be modified only for clearly justified reasons of national defense or national interest. Government agencies should not operate transport systems in competition with commercial carriers if there is any other feasible way to meet minimum military requirements.

RECOMMENDATIONS

All Transportation

39. The military authorities should review their emergency requirements for cargo and passengers for each mode of transportation. They should state these requirements to the civil authorities, together with the assumptions and probabilities as to the various types of emergency assumed for each statement of requirements. Ocean and international air needs should be considered at the same time, together with probable peacetime trends in their relative traffic, and the value of superliners as compared to other ocean vessels and aircraft. (Secretary of Defense, Director of Office of Civil and Defense Mobilization, Secretary of Commerce)

40. Similarly, the civil authorities should make their statements of requirements for the corresponding types of emergencies. (Director of Office of Civil and Defense Mobilization, Secretary of Commerce)

41. All military and civil Government agencies should increasingly and systematically analyze their transportation policies to make optimum use of any mode of transportation whenever it can reduce the total system cost to the Government. (Secretary of Defense, Administrator of General Services)

Rail

42. The Government should assure an adequate stockpile of rail passenger equipment for military emergency requirements if definite requirements are proved. (Secretary of Defense)

Air

43. The civil authorities should formally state to the military the maximum civil air transport that will be available for direct military support in emergencies, since the recent change from estimated shortage to estimated surplus. The military authorities should then direct their planning staffs to make maximum use of this civil airlift, consistent with overall emergency military effectiveness. The military authorities, in addition to estimating "capability" requirements for shorter-range plans, should also estimate "objective" requirements for longer-range plans and issue these to the civil authorities as a guide to the national defense aspects in setting long-range policies for civil air transportation. (Secretary of Commerce, Secretary of Defense)

44. The Civil Reserve Air Fleet should be increased to the maximum to meet revised war plans. (Secretary of Commerce)

45. Military and civil Federal agencies should route a maximum of their air traffic by civil airlift in peacetime, particularly to points on regular airline routes. Recommendation 46 below. (Secretary of Defense, Administrator of General Services)

46. A task group of air transport and training experts should survey MATS peacetime operations realistically, to evaluate adequacy of training produced by using a maximum of simulators and other training aids in combination with a minimum of airline-type MATS operations. (Secretary of Labor)

47. Air cargo development for defense as well as for commercial requirements can best be promoted by Recommendations 32, 33, 34, 39, 41, and 42. In addition, the Government should:

a. With the cooperation of industry, make its best estimate of the probable commercial markets for cargo aircraft, (Secretary of Commerce)

b. Make firm plans for military procurement of "hard core" cargo aircraft, (Secretary of Defense)

c. Continue its efforts to develop legislation for initial Government assistance such as is being considered in current guaranteed loan proposals, after making sure that all other available resources will not produce the desired result within the reasonably foreseeable future, and after reviewing its consistency with policies recommended elsewhere herein. (Administrator of Federal Aviation Agency)

48. Arrangements for Government traffic should specify volume and type of traffic from origin to destination within stated time limits and should allow Government and commercial traffic to be combined. (Secretary of Defense, Administrator of General Services)

Section 6.

URBAN TRANSPORTATION

PROBLEM

How can the Federal Government assist in the essentially local problem of urban transportation congestion?

FEDERAL ROLE

The Government should encourage local authorities to do more long-range land-use planning, in which transportation has a critical part.

RECOMMENDATIONS

49. Encourage urban long-range community planning, including total transportation planning to make full use of highway, transit, rail commutation, and all other capacity to minimize total transportation cost and congestion. (Legislation by Secretary of Commerce)

50. With local communities, investigate basic approaches to such plans and their financing. Methods might include amendment of existing highway legislation to allow charges on city highway gateways to help divert auto commuter travel to mass transport means, higher community parking fees to help similarly, diversion of such funds to pay for other transport facilities, etc. (Secretary of Commerce)

Section 7.

SPECIAL MERCHANT MARINE PROBLEMS

PROBLEM

How can the United States have a merchant marine adequate to handle wartime requirements, and peacetime commercial and strategic needs, at reasonable cost to the Government?

FEDERAL ROLE

A merchant marine and shipbuilding industry are essential to national defense and peacetime commerce. However, their long-term minimum size cannot be known until there is (1) a review of defense needs under clearly stated assumptions as to types and probabilities of wars; (2) a realistic estimate of the size which is necessary to the foreign commerce of the United States and can be economically sustained; (3) a calculation of long-range costs and benefits of operating and construction subsidies; and (4) a determination of the proportion of the national budget which is reasonable for this program.

The "parity" principle of equalizing competitive operating and shipbuilding costs is sound and the Government should continue to support the merchant marine through subsidy to the degree necessary to maintain parity. The amount of subsidy in the future depends largely upon determinations as to the size required.

In the long run, cost differentials should narrow and the merchant marine should more nearly approach self-sufficiency. This should be stimulated primarily through a research and development program led by the Government with full participation by seagoing, shipyard and longshore labor, ship operators, and ship builders. The objective of the research and development program should be to make the U. S. merchant marine and shipbuilding industry more nearly competitive by mechanization for long-term increase in labor productivity. Such a program should be paralleled by measures for labor so that individuals do not suffer personal hardship from the technological advances.

RECOMMENDATIONS

51. A major technical research and development program should be instituted to: (Maritime Administrator)

a. Incorporate techniques for low-cost materials handling equipment to be installed on ships so that the advantages would accrue to American ships, in both U. S. and foreign ports.

b. Develop techniques for mechanization of shipboard functions to reduce operating crew costs.

c. Perfect long-range techniques and equipment to keep similar technical progress and improved shipbuilding methods going so that the U. S. can keep in the forefront of maritime efficiency and economic competition at minimum cost in Federal subsidy.

d. The Maritime Cargo Transportation Conference, now engaged in intensive research on longshore activities, should be encouraged to extend their field of operations to the subject of this recommendation.

52. The Government should institute parallel plans for labor in the mechanization programs. It is essential that seagoing, shipyard and longshore labor participate fully. The basic aim should be to reduce the unit costs of building and operating American shipping to help it retain its position. A prerequisite appears to be planning the timing of technical changes so that, through normal attrition, retraining, and special benefits if necessary, workers do not suffer individually while the over-all long-term benefits are being achieved. Labor and management should together examine the feasibility of such a program. (Maritime Administrator)

53. Existing law should be used more effectively to counter discriminatory practices controlling the routing of commercial cargo and passengers. Government policy should be based on the concept of reciprocity, with U. S. measures matching foreign measures both favorable and unfavorable. This policy should be applied in steps over a period of a few years, to give the foreign countries time to reconsider their policies and make them nondiscriminatory against U. S. shipping. (Maritime Administrator)

54. The Department of Agriculture should ship the great bulk of surplus U. S. commodities via U. S. flag ships, through use of a general carrier on a normal basis at commercial rates. (Secretary of Agriculture)

55. Industrial companies should use more American flag vessels in carrying their own materials and products. The Government should examine closely practical means to accomplish this, such as stepping up its long-range information program for exporters and importers. (Secretary of Commerce)

56. Government representatives should keep in continual touch with industrial shippers, so that their needs can be met more closely by the merchant marine and Government. (Secretary of Commerce)

57. The replacement program should be kept, but the criterion of twenty-year life should be modified and extended to allow for competitive position, physical condition, and other realistic considerations. (Maritime Administrator)

58. The advisability of superliners should be studied. The military should re-examine the advantages and disadvantages in shipping troops by superliner in wartime and of alternatives. (Secretary of Commerce, Secretary of Defense)

59. The United States should examine the necessity for placing wartime reliance on vessels under the Panamanian, Liberian, and Honduran flags. (Secretary of Defense, Secretary of State) It should keep close watch on transfers to other flags which would lose us assurance of control. (Maritime Administrator)

60. The essential trade route concept is sound. However, determination of the volume and character of service required in the national interest over each designated route appears to require more searching review. Such review should insure that the essential trade route concept is administered so as to protect American flag trade interests, contribute to their development and meet foreign flag competition. (Maritime Administrator)

61. The importance of the merchant marine as a favorable factor in the international balance of payments should be evaluated in the light of long-range national considerations. (Secretary of Treasury, Secretary of Commerce)

Section 8.

SPECIAL MOTOR CARRIER PROBLEMS

RECOMMENDATION

62. Uniformity of state regulation with respect to sizes, weights, safety appliances, and related matters of highway vehicles operating in interstate commerce, is of interest to the Federal Government in view of its effect upon the manner in which interstate highway transportation may be conducted. Accordingly, the states should be urged to move rapidly toward uniform legislation in these matters (Secretary of Commerce). If this is not accomplished within a reasonable time, it would be an appropriate subject for Federal legislation.

Section 9.

SPECIAL RAILROAD PROBLEMS -- PASSENGER DEFICITS, CONSOLIDATIONS

PROBLEM

What should the Federal Government do about the large railroad passenger service deficits? Consolidations to strengthen railroad economic positions?

FEDERAL ROLE

The Government should help railroads by allowing them maximum practicable managerial discretion in trying to solve their own problems. It should help assure alternative transportation when uneconomic rail passenger services are suspended. It should help urban planning in which rail commuter services are involved (see Section 6). It should give clear encouragement to railroad efforts to improve their long-run economic situations by consolidations.

RECOMMENDATIONS

Passenger service deficits.

63. Railroads and buses should have considerable freedom in adjusting passenger fares to try to retain passenger traffic and otherwise minimize deficits. (Interstate Commerce Commission)

64. The railroads should continue to drop unprofitable rail passenger services under the accelerated procedure permitted by the Transportation Act of 1958. (Railroads)

65. The Government should exercise leadership by bringing together all carriers such as railroads, bus companies, and airlines, and interested Government agencies such as ICC, CAB, and Post Office Department, to plan expanded routes and schedules of non-rail transportation to help accommodate rail passengers, mail and express when uneconomic railroad passenger services are suspended. (Secretary of Commerce)

Urban transportation planning should in the long run help the railroad commuter deficit problem. (See Section 6).

Railroad consolidations.

66. Legislation should be enacted to establish official policy that railroad consolidations in general are in the public interest and should be encouraged with a minimum of restrictions. (Legislation by Secretary of Commerce)

67. Railroad consolidation proceedings should be expedited. (Interstate Commerce Commission)

68. Legislative provision should establish minimum assents required of each class of security holder to apply in connection with consolidations for mergers, provisions of state law to the contrary notwithstanding. (Legislation by Secretary of Commerce)

Section 10.

TAXATION

PROBLEM

Inequality in the tax treatment accorded different forms of transportation competing in common markets can result in a stimulus to some, and a handicap to others which is artificial and which may prevent their relative economic worth from being realized by the nation.

FEDERAL ROLE

So far as inequity is the result of Federal tax policy, such policy should be altered to remove it. Where it is the result of tax policies at other levels of government, the Federal Government may reasonably undertake thorough study of the effects upon transportation policy and development and encourage review and revision.

RECOMMENDATIONS

69. A clear distinction should be drawn at all levels of government between user charges designed to secure cooperation for specific services rendered, and taxation for general governmental purposes. Thus the user charges elsewhere recommended herein should be distinguished from taxes for general revenue purposes.

70. The remaining federal excise on commercial passenger transportation should be repealed. (Legislation by Secretary of Treasury)

71. It has not been possible in the present study to review in detail the relative impact of the Railroad Retirement and Social Security Systems upon the several forms of transport. Information supplied by HEW suggests that the disparity upon railroads as compared with other industry is not as great as is commonly supposed because of more liberal supplemental plans in other industry. Information is lacking, however, to permit proper comparison between the railroads and their direct competitors in the transportation business subject to the Social Security System or to explain why the Government-administered system should place larger burdens in the railroad case. Further extension of Railroad Retirement benefits should be deferred until comprehensive study can be made of the relative competitive impacts. (Secretary of Commerce, Secretary of Health, Education & Welfare)

72. A principal alleged inequity of the tax system as it relates to railroads arises out of state and local taxation, in large part property taxation. No investigation of this matter proved possible in the present study, nor has a comprehensive review been made since the Board of Investigation and Research under the Transportation Act of 1940. Such a comprehensive study is required. (Secretary of Commerce, Secretary of Treasury)

73. In contrast with other forms of transportation equipment, prescribed depreciation rates for railway equipment fail adequately to reflect the obsolescence of motive power and rolling stock. Such rates require review and adjustment in detail to insure parallel principles for tax purposes with other forms of transport. (Interstate Commerce Commission)

74. As tax relief may become an element in state and local plans for the assumption of commuter or local passenger service deficits in whole or part, the certified amounts of such relief should be deducted from net income subject to Federal income tax of the several carriers so affected in order to remove one major barrier to the objects sought by such relief. (Legislation by Secretary of Commerce)

75. Since railroad freight car shortages are the only significant shortages in transportation capacity experienced since the war and since capital availability in the railroad industry is likely to be limited in the near term, a construction reserve should be provided applicable to freight carrying moving equipment of all forms of transportation which, however, will be of principal immediate significance as a means toward improving the freight car position. Legislation of the general form of S. 3778 and H. R. 12488, 85th Congress, 2nd Session, is recommended. (Legislation by Secretary of Commerce)

Section 11.

LABOR-MANAGEMENT RELATIONS

RECOMMENDATIONS

76. For the long-range, and after present railroad-labor negotiations have been settled, make a study of the wage rate structure and work rules problems of the railroads. The railroads and railroad unions should be encouraged to set up system-wide committees of management and union experts whose qualifications are complete and detailed knowledge of system problems, and a chairman who is a skilled neutral mediator. All system committees should report to an over-all national committee whose chairman should be chosen by the National Mediation Board. (National Mediation Board)

77. The results of the most recent collective bargaining suggest the desirability of a similar approach to the question of readjustment in the Atlantic and Gulf longshore trades. (National Mediation Board)

See also Recommendation #52 in Section 7 on the Merchant Marine.

Section 12.

SAFETY REGULATION

NOTE: It was not possible to devote sufficient time and effort to the economic effects of safety regulation. However, as a result of preliminary analysis, the following recommendations appear to be a logical start:

RECOMMENDATIONS

78. Each agency with safety regulatory functions should begin codifying all its safety regulations and related materials in a single publication covering such subjects as personnel, equipment, operating rules, etc. (Bureau of Public Roads, Maritime Administration, Federal Aviation Agency, Coast Guard, etc.)

79. At the same time all such agencies should work together in formal coordination to try to produce uniformity of policy if possible. They should pay particular attention to ways of relieving transportation of over-detailed safety regulation. (Same agencies)

Section 13.

TRANSPORT INTEGRATION

RECOMMENDATIONS

80. The regulatory agencies should establish joint boards with jurisdiction over through routes and joint rates, including divisions thereof among transportation modes presently under separate regulatory agencies. These are the Interstate Commerce Commission, Maritime Commission, and Civil Aeronautics Board. (ICC and CAB under existing legislation. Maritime Administrator to prepare legislation for Maritime Commission and other two)

81. These joint boards should be given power to make such routes and rates mandatory only in clear cases where efficiency of the transport system as a whole can be improved, and where carriers unreasonably refuse to participate. (Legislation by Secretary of Commerce)

Section 14.

CONTINUING RESEARCH AND ACTION

RECOMMENDATIONS

82. An effectively staffed research and recommending office should be established in the Executive Branch of the Federal Government. This office should carry on the research and action items of this Report, and with further steps, additional problems, and studies. (Director of Bureau of the Budget)

83. Sufficient funds should be provided to perform the actions recommended here. The Budget Bureau should, with the action agencies, request the proper amounts. Some of the further studies are fairly large and expensive, such as censuses of transportation, cost finding, Federal investment analysis, etc. (Director of Bureau of the Budget)

Reports prepared for the Transportation Study of the
U. S. Department of Commerce

Banks, R. L., and Associates, Study of Cost Structures and Cost Finding Procedures in the Regulated Transportation Industries. Findings and Conclusions, Washington, multilithed, October 1959. 19 pp. Detailed report, Washington, typewritten, working draft, November 1959, 265 pp.

Bluestone, David W., Air Transportation -- Some Nonregulatory Problems. Washington: U. S. Department of Commerce, multilithed, October 30, 1959. 53 pp.

Bres, Allen V., Department of Defense Requirements and Capability of Marine Lift. Washington: U. S. Department of Commerce, multilithed, November 1959. 62 pp.

Clayton, John E., Highway Investment Theories and Practices. Washington: U. S. Department of Commerce, multilithed. 27 pp.

Clayton, John E., The Process of Highway Policy Making and Administration. Washington: U. S. Department of Commerce, multilithed. 49 pp.

Cover, Virgil, and Cutler, Herschel, Government Procurement of and Provision of Transport Services. Washington: U. S. Department of Commerce, multilithed, September 29, 1959. 108 pp.

DeVeau, J. Harold, and Associates, Reappraisal of Federal Maritime Policy. Washington: U. S. Department of Commerce, multilithed, November 17, 1959. 567 pp.

Goldfogle, Milton, A Report of Interviews with Maritime Industry, Users and Related Activities. Washington: U. S. Department of Commerce, multilithed, December 16, 1959. 233 pp.

Nelson, James C., Controls of Entry into Domestic Surface Transportation Under the Interstate Commerce Act. Washington: U. S. Department of Commerce, multilithed. 414 pp.

Roberts, M. J., Evaluation of Rate Regulation. Washington: U. S. Department of Commerce, multilithed. 133 pp.

Saunders, W. B., and Company, The Federal Interest in Railroad Passenger Service. Washington, Xeroxed, November 15, 1959. 91 pp.

Spaulding, M. B., Jr., A Comparative Analysis of Non-Economic Federal Transportation Regulations. Washington, multilithed, November 6, 1959. 129 pp.

United Research, Incorporated, Federal Regulation of the Domestic Air Transport Industry. Cambridge, Massachusetts, multilithed, November 30, 1959. 230 pp.

February 18, 1960

MEMORANDUM FOR DOUG PRICE

FROM: Robert Gray

Attached, per the request of your office, is the memorandum to members of the Cabinet regarding speaking engagements.

Here also is an excerpt from the Record of Action pertaining to the same subject:

> '5. Cabinet Speech Requests
>
> ACTION: Members of the Cabinet were asked to comply insofar as possible with the suggestions set forth in Chairman Morton's memorandum of January 22, 1960."

January 22, 1960

FOR MEMBERS OF THE CABINET:

It will be extremely helpful if members of the Cabinet will, insofar as possible, keep the following points in mind relative to speaking engagements which they will be receiving in the months ahead:

(1) Whenever possible, check with the Republican National Committee before accepting an invitation;

(2) When requested by the Republican National Committee, give as early a decision as possible (this makes it possible for radio, press, and TV interviews to be arranged and greatly increases the coverage given the Cabinet member's appearance);

(3) If it is necessary to decline an invitation which in the Cabinet officer's judgment it would be worthwhile to cover, it would be appreciated if the Republican National Committee could be notified before the invitation is declined so that alternative speakers can be recommended at the time of declination;

(4) Between now and the election, Cabinet officers are requested to accept as many invitations as possible.

CABINET PAPER—PRIVILEGED
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February 26, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, February 26, 1960

1. Status Report on FY 1960 Expenditures and Personnel Levels	(Oral)	The Director Bureau of the Budget
2. Manpower: The challenge of the 1960's	(Booklet)	The Secretary of Labor The Deputy Assistant Secretary of Labor for Employment and Manpower
3. Current Business Conditions and the Outlook for 1960-61	(Oral)	The Chairman, Council of Economic Advisers
4. Campaign Discussion	(Oral)	The Chairman Republican National Committee The Chairman Council of Economic Advisers The Deputy Assistant to the President for Congressional Affairs

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

~~CONFIDENTIAL~~

MINUTES OF CABINET MEETING

February 26, 1960

9:00 a.m. -- 11:00 a.m.

The following were present:

Vice President Nixon

Mr. Douglas Dillon
  for Sec. Herter
Sec. Anderson
Sec. Gates
AG Rogers
Mr. John McKibbin
  for PMG Summerfield
Sec. Seaton
Sec. Mueller
Mr. True D. Morse
  for Sec. Benson
Sec. Mitchell
Sec. Flemming

Mr. Stans, BoB
Gov. Hoegh
Chairman McCone, AEC
Dr. Saulnier, CEA
Mr. Allen Dulles, CIA
Sen. Morton
Dr. Seymour Wolfbein, Labor
  Mrs. Thomas
Mr. Ray Stevens

Gen. Persons
Mr. Robert Gray
Mr. Merriam
Mr. Wallis
Mr. Morgan
Dr. Paarlberg
Mr. Harlow
Mr. Kendall
Mrs. Wheaton
Mr. Patterson
Mr. Minnich

The Vice President presided in the absence of the President.

Budget Report - Mr. Stans said that as of January 30th, there was no change in regard to the estimate of revenues, and that expenditures appear to be such that a surplus can be achieved for the year. However, the surplus will be so slim ($217 million) that the Administration must take every possible step in the next five months to increase the margin of safety, especially since there are still uncertainties as to housing, agriculture, and defense programs.

Federal Employment - Mr. Stans said that the picture is still good but that by June 30th, there will be some 20,000 more employed than June 30, 1959. While this still is below authorized personnel levels,

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Mr. Stans believed it desirable to try to get under the 1959 figure; this would mean a reduction of 20,000, or .8%.

Manpower - Sec. Mitchell prefaced this presentation with remarks on how more people are now engaged in services and trade than in production, how industry is greatly interested in this subject, and how the presentation will point up some policy questions with regard to things like housing, education, etc.

Dr. Wolfbein made a lengthy presentation on population statistics, emphasizing age levels, training and education, and the resultant demands on the economy that can be anticipated as the great hump of war babies advances in age.

Dr. Wolfbein cited the following as things that needed doing, though not necessarily by the Federal government: improvement of training, elimination of job discrimination, better placement, strengthen schools, improvement of guidance and counselling, also of health and safety, and, finally, better information on the entire subject.

In discussion, Sec. Anderson ascertained that young people and the untrained, particularly negroes, are the first to lose their jobs in a recession; also that the last two recessions did not reveal any marked tendency toward early retirement. Allen Dulles believed it desirable to develop a similar study focused on Russian manpower. The Vice President commented on the work of the Government Contracts Committee, and Sec. Mitchell remarked on aspects of "on the job" training. He noted the ironic situation that efforts to counteract discrimination against the negroes are handicapped by the fact that so many records no longer show whether a worker or an applicant is white or colored -- as a result of antidiscrimination efforts!

National Economy - Dr. Saulnier asserted that there had been an important change in business sentiment recently which completed a cycle of overoptimism late last year, pessimism earlier this year, and now a more balanced view. He saw a definite subsidence of inflation sentiment, but he wished to reserve final judgment on the outlook for another 30 to 45 days until the deviations caused by the steel strike no longer had impact.

Dr. Saulnier then went over a great many charts, just about all of which showed favorable trends. He summarized by saying that this was a picture of an economy heavily shaken by the steel strike, but now doing well with shaking off the effects. He felt much encouraged.

The Vice President said that reports from around the country seemed to corroborate Dr. Saulnier's remarks, and that money was the one thing which caused much concern. Dr. Saulnier pointed out that there is some easing in money costs, and an improvement in availability; finally, that there will probably be no further increase in interest rates. Sec. Anderson, Mr. Mueller, Mr. Rogers, and Sen. Morton spoke of

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BNC 3-15-77

the arguments they liked to use in combatting allegations that the Administration is to be blamed for tight money. The Vice President thought that the issue was really one between sound money and "funny money" -- the latter could be expected if the reckless spenders in Congress got control of the Executive Branch.

Cuba Overflights - Acting Secretary Dillon set forth the problems created by any illegal flights over Cuba that originate from American airfields. He believed Castro could exploit these to the detriment of any efforts we may make through the Organization of American States for improving the situation in Cuba. He outlined the effort being made to stop these, and the help being given by Treasury, Defense, Justice, and the Federal Aviation Agency. He thought the problem was essentially one of the many small abandoned airfields in Florida where it might be necessary to establish guards at all times. The Attorney General agreed that the illegal flights must be stopped somehow, but that the latest known incident was one of a routine flight from a regular field which then deviated from flight plan.

It was agreed that Gen. Persons should get in touch with General Quesada and ask him to discuss the matter further with Mr. Dillon.

Mr. Dulles noted the possibility that some incidents may have been originated deliberately in Cuba to create the impression of United States' hostility.

Mr. Rogers pointed out that only one airplane incident has occurred since our new system of protective measures was undertaken.

* * * *

Because of the lateness of the hour, the discussion of the 1960 campaign was postponed.

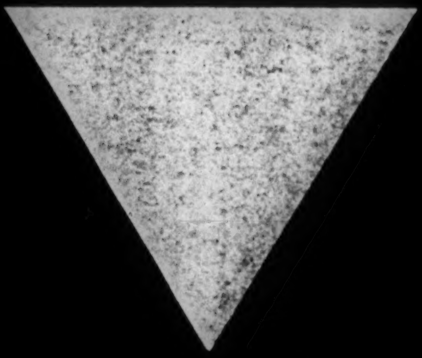
LAM

L. A. Minnich, Jr.

Copy to:
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

~~CONFIDENTIAL~~

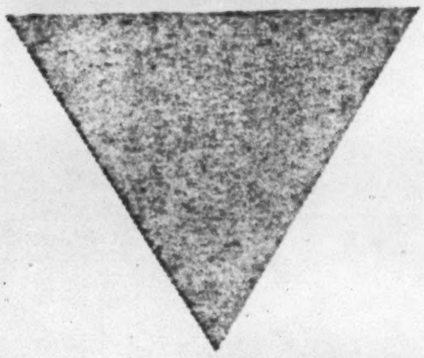
MANPOWER



challenge of the 1960s

U. S. Department of Labor, James P. Mitchell, Secretary

MANPOWER



challenge of the 1960s

This pamphlet shows the changes in our population and labor force which are expected to take place between 1960 and 1970.

These changes will be accompanied by major shifts in our occupational and industrial structure and have important implications for the education and training of young people, as well as the management and utilization of our overall labor supply.

The outlook for the 1960s presented here is based on 3 assumptions:

(1) a continuation of the relatively high levels of economic activity and employment which have prevailed in the United States for the past 15 years, consistent with the goals expressed in the Full Employment Act of 1946.

(2) a continuation of scientific and technological advance, affecting our industrial methods of production, our medical, health and educational services, and our consumption patterns.

(3) the absence of war or any other cataclysmic event which would substantially alter the rate of our economic growth.

As this pamphlet shows, the level of living of the American people can increase significantly if we make the best use of our manpower potential.

James P Mitchell

Secretary of Labor

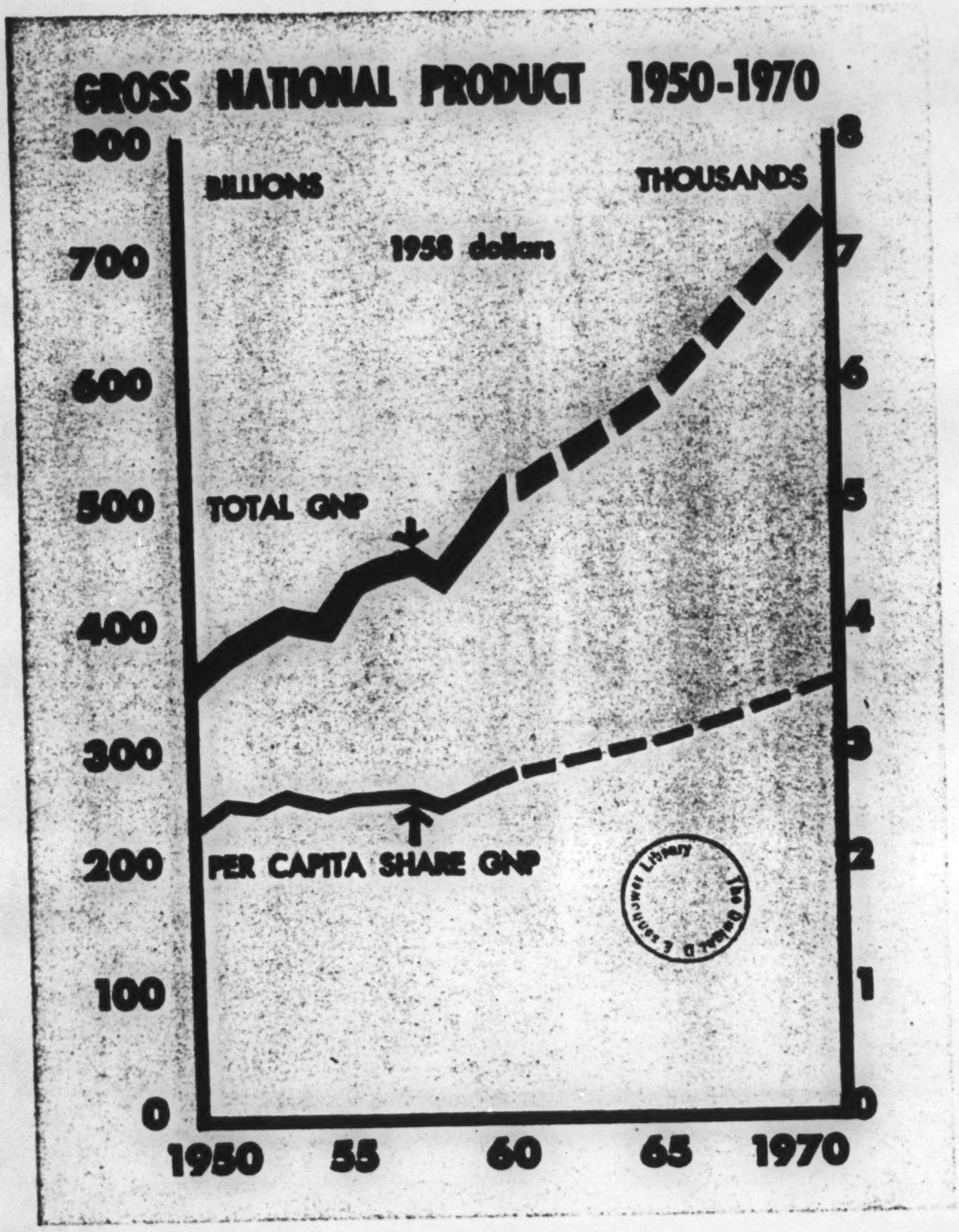
the United States has the manpower resources

Our manpower potential is great enough,
with an improving technology,
to increase the production of goods and services
by about 50% from 1960 to 1970.

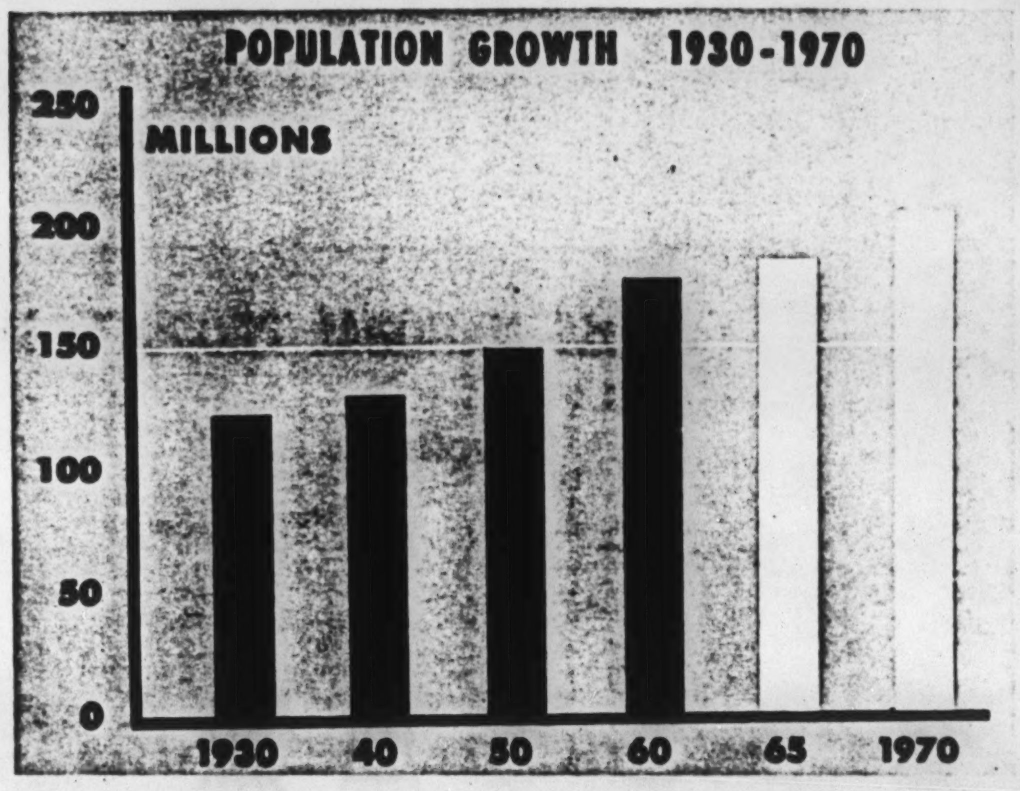
We begin the 1960s
with a Gross National Product of 500 billion
dollars. We can reach a level of 750 billion dollars
by 1970.

This means that by 1970
we can provide our expanding population
with a 25% increase in its
standard of living.

for a much higher standard of living during the 1960s

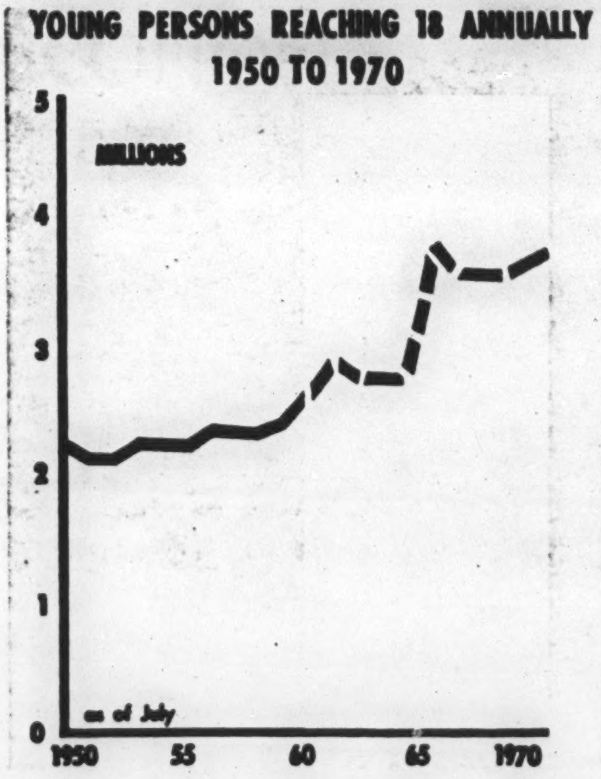


our population will increase from 180 to 208 million up 28 million, or 15%, over the decade



The dramatic growth in population during the 1950s will continue through the next decade. Birth rates are expected to remain high and death rates to continue to decline.

ESPECIALLY RAPID POPULATION GROWTH WILL OCCUR AMONG YOUTH REACHING WORKING AGE

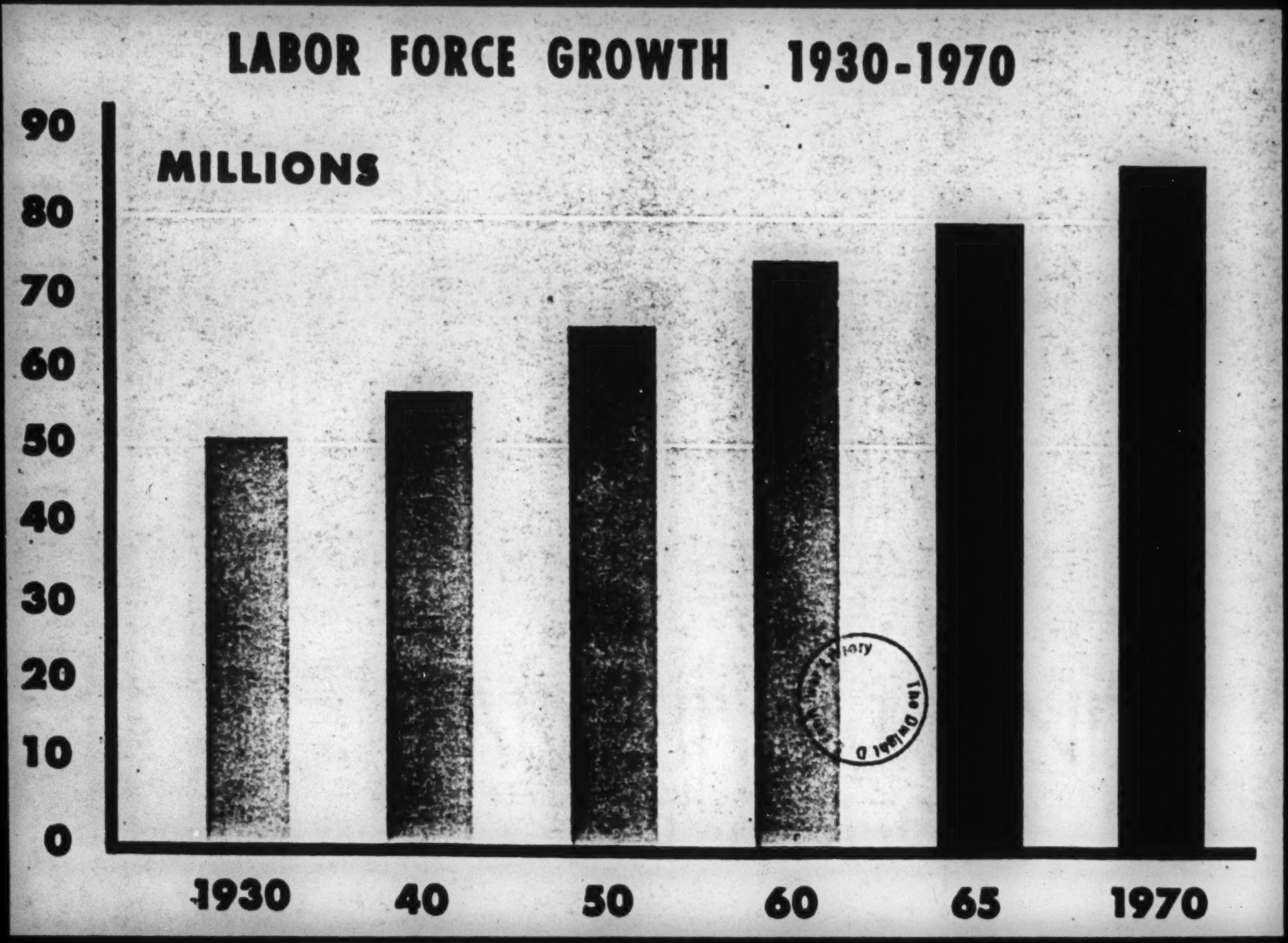


The number of young people reaching
18 each year,
ready to enter the labor force
or go on to college,
will increase from 2.6 million in 1960
to 3.8 million in the single year 1965,
a rise of nearly 50%.

he number of workers will grow faster, by nearly 20%

up 13.5 million to 87 million in 1970

The increase in the number of workers during the 1960s will be by far the largest for any 10-year period in our history—50% greater than during the 1950s.



Along with this large increase in the total number of workers, major changes will take place in the composition of the labor force and in the kinds of jobs which the economy will demand .

young workers will account for a major share of the changes in the working population during the 1960s

THERE WILL BE:

MANY MORE YOUNG WORKERS

Workers under 25 will account for nearly half of the labor force growth during the 1960's, even though they will stay in school longer.

A RELATIVELY SMALL INCREASE AMONG WORKERS 25-34

ACTUALLY FEWER WORKERS AGE 35-44

Many of these persons were born during the depression of the 1930's when birth rates were low.

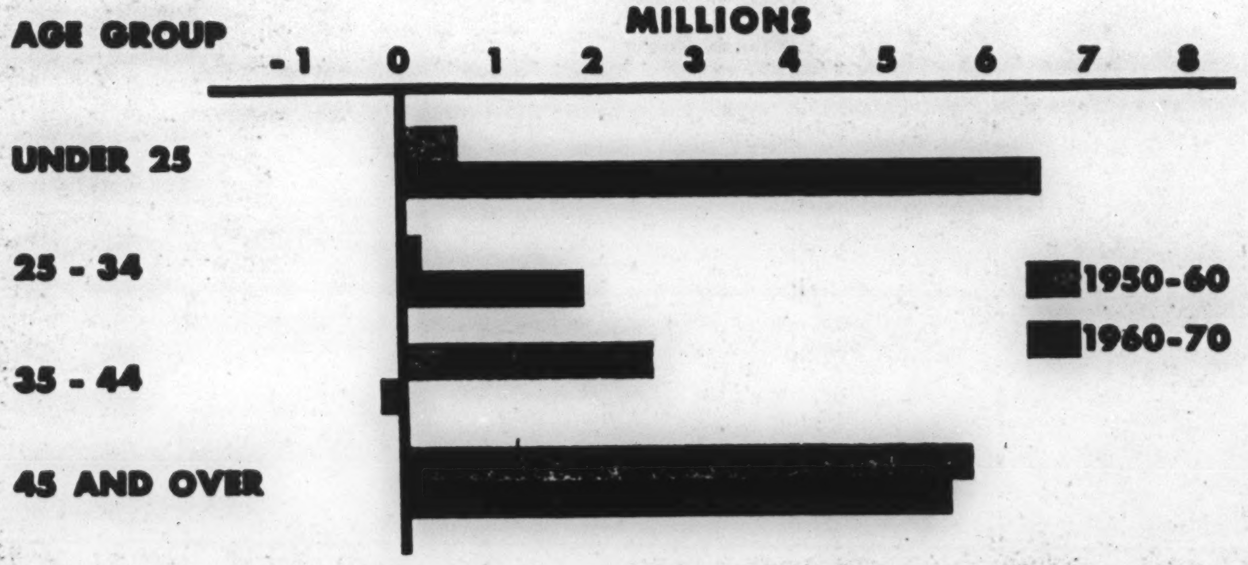
LARGER NUMBERS OF OLDER WORKERS

More workers will be 45 years and over in 1970 than in 1960, despite earlier retirements.

1960 (Millions)	1970 (Millions)	Change 1960 to 70 Numbers (Millions)	Change 1960 to 70 Percent
13.8	20.2	6.4	46
15.3	17.1	1.8	12
16.6	16.4	−.2	−1
27.9	33.4	5.5	20

These changes during the 1960s will be substantially and significantly different from those that we experienced during the 1950s.

CHANGES IN THE NUMBER OF WORKERS IN EACH AGE GROUP 1950 TO 1960 AND 1960 TO 1970



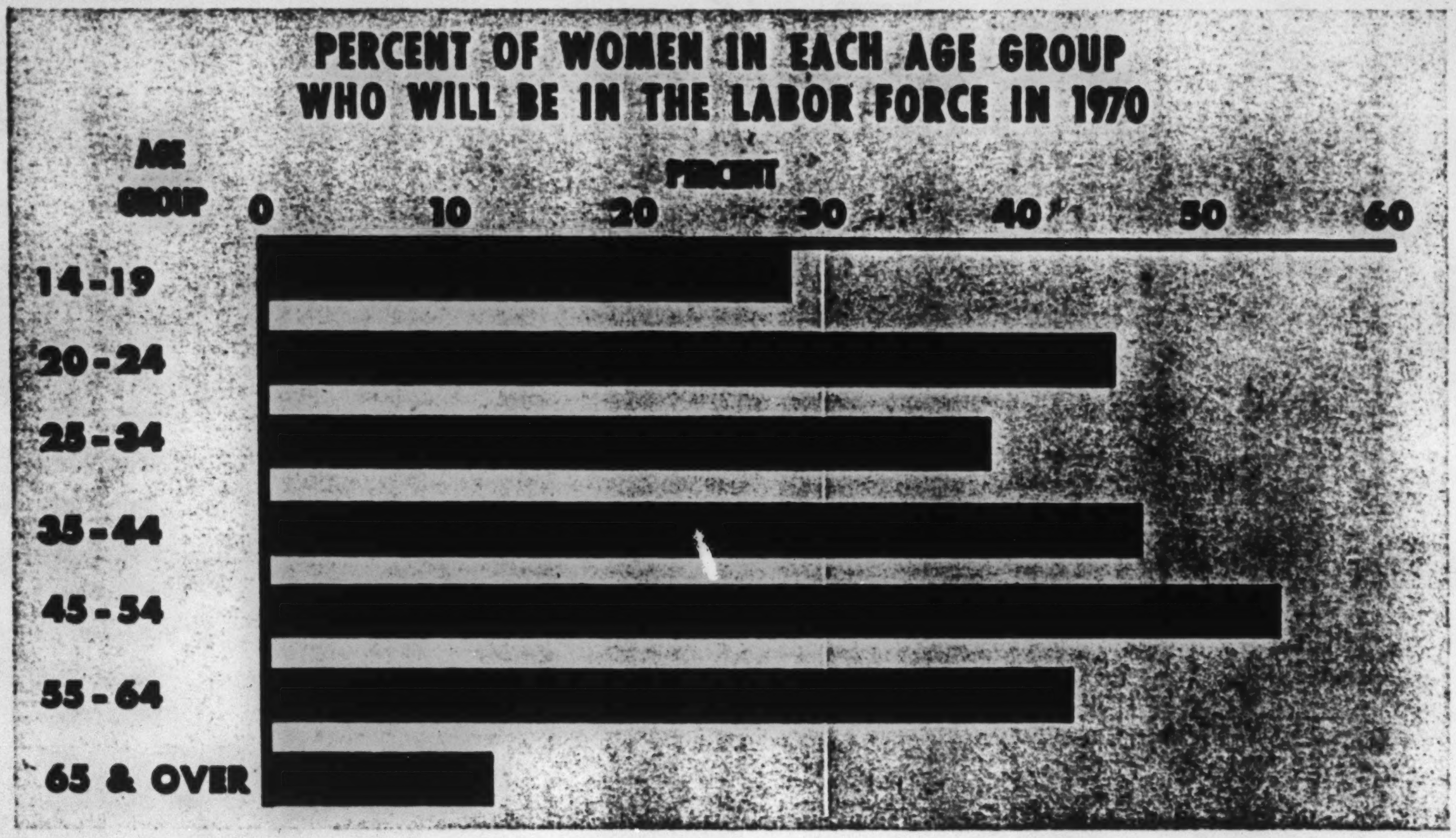
and the number of women workers will increase at nearly twice the rate for men

By 1970, there will be about 30 million women workers,

six million more than in 1960. This represents a 25% increase for women, as compared to a 15% increase for men.

One out of every three workers will be a woman.

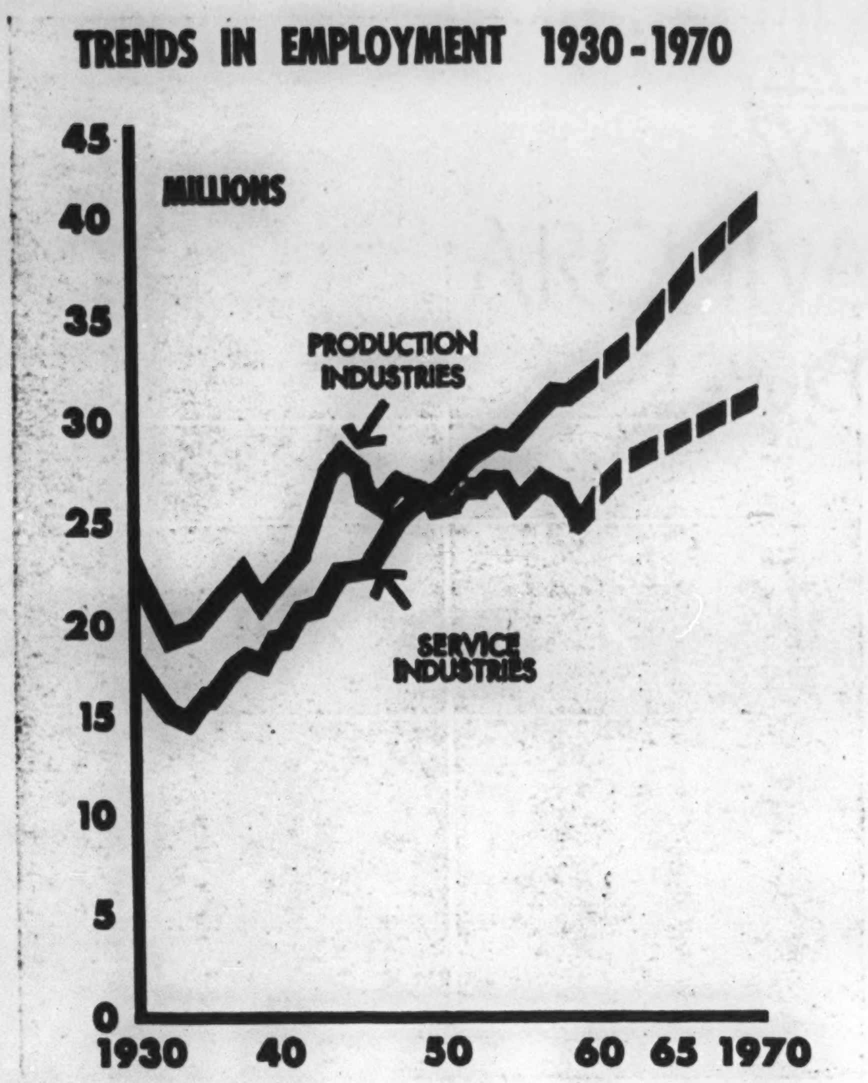
A LARGER PROPORTION OF WOMEN—ESPECIALLY OF OLDER WOMEN—WILL WORK


PERCENT OF WOMEN IN EACH AGE GROUP WHO WILL BE IN THE LABOR FORCE IN 1970

Except for teen-age girls (most of them still in school) and women 65 and over (most of them either retired or past working age), at least two out of every five women in 1970 will be in the labor force.

Among women whose children are in school or past school age, the proportion who work will be much higher than now.

as the economy grows, changes take place in its industrial makeup



EMPLOYMENT WILL CONTINUE TO GROW FASTER IN THE SERVICE INDUSTRIES THAN IN THE PRODUCTION INDUSTRIES

As our technology advances, proportionately fewer workers will be needed to produce the goods we need.

More workers will be needed to provide the increasing services required as our standard of living goes up.

As the decade opens, these are the numbers of employees in the production and service industries, excluding domestic service and the self-employed outside of agriculture.

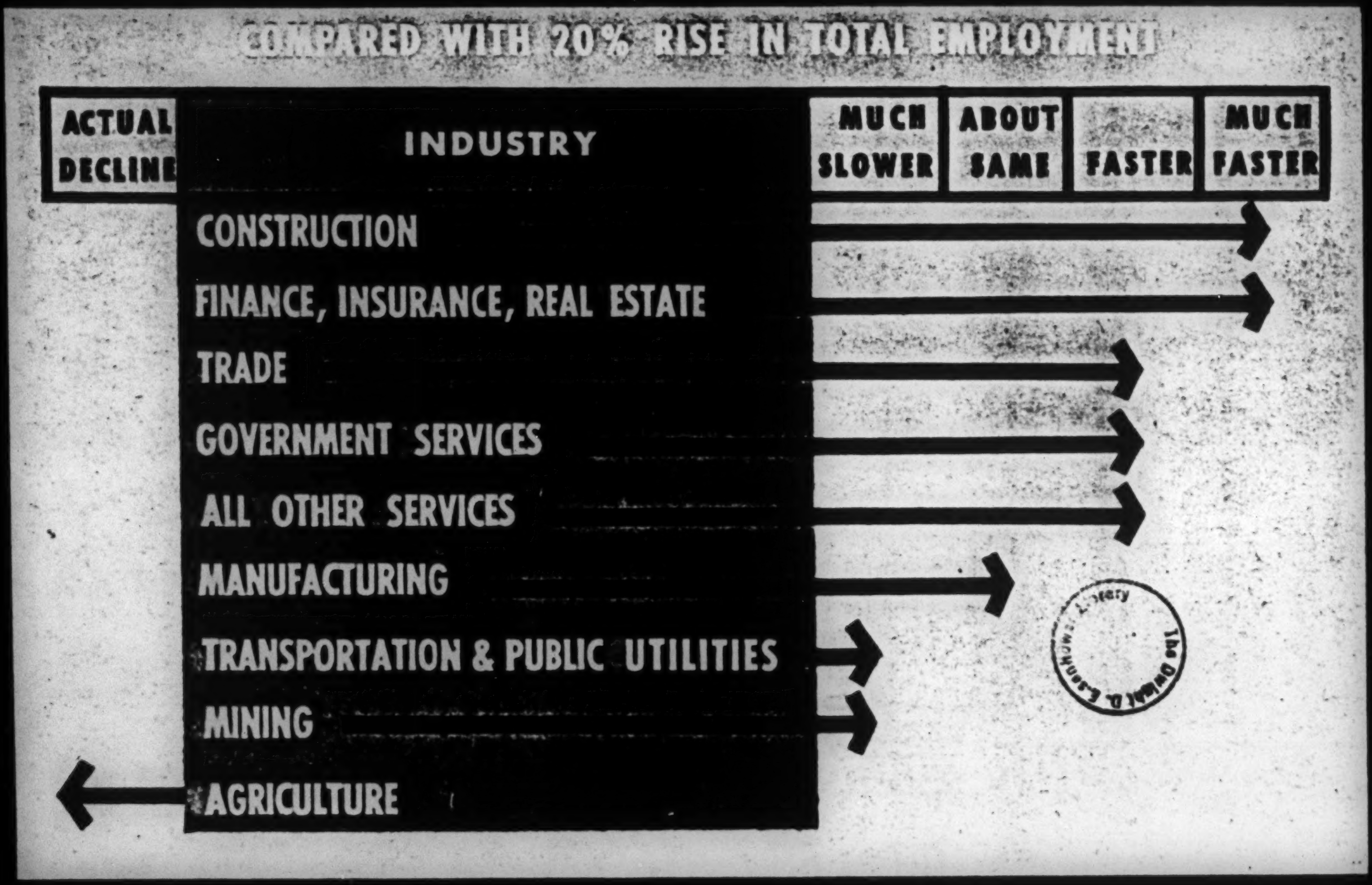
Production Industries	(Millions)
Manufacturing	16
Agriculture	6
Construction	3
Mining	1
	26

Service Industries	(Millions)
Trade	11½
Government Services	8
Transportation and Public Utilities	4
Finance, Insurance, Real Estate	2½
All other services	6½
	32½

and industries will vary widely
in their rate of growth

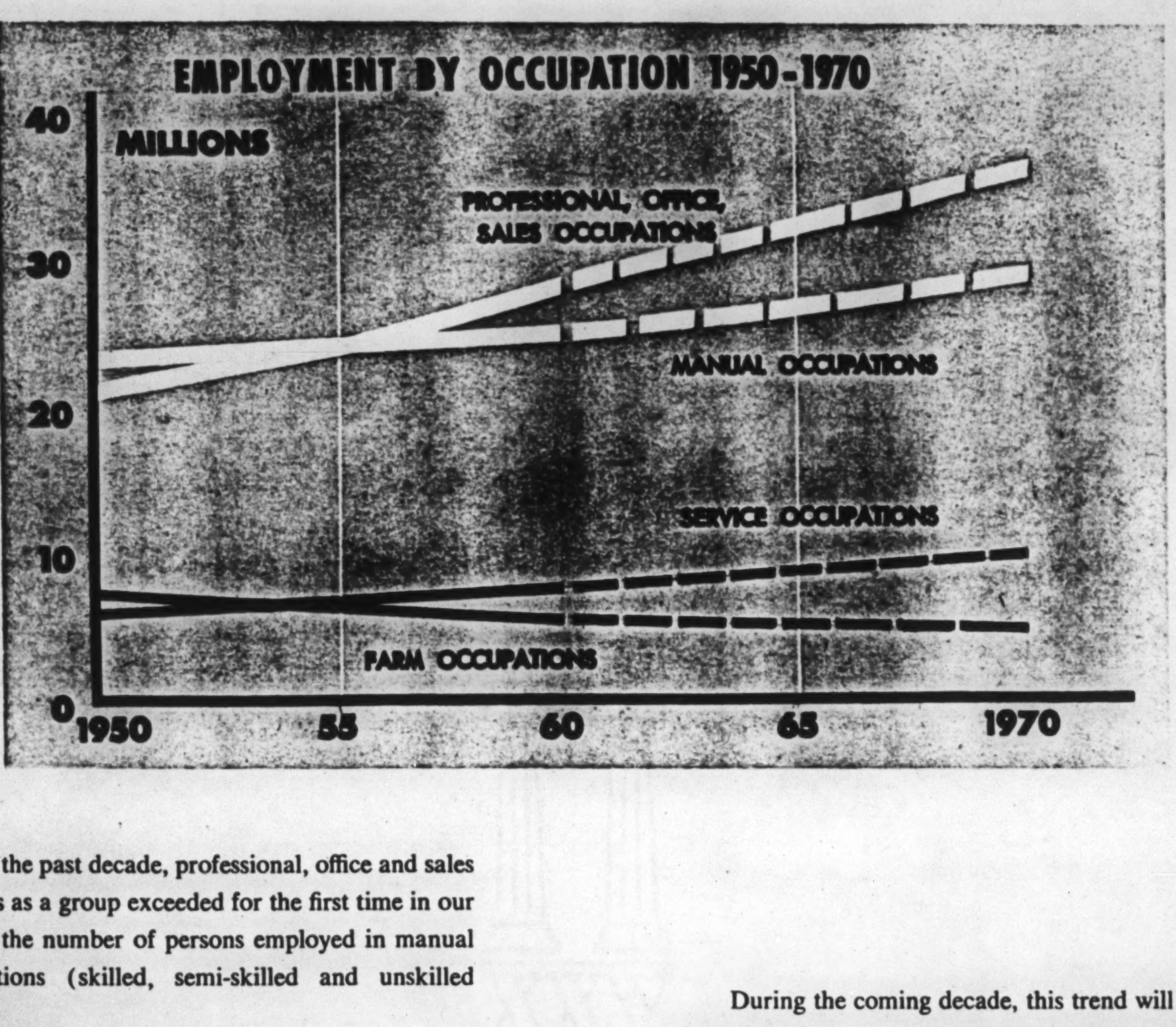
BETWEEN 1960 AND 1970 TOTAL EMPLOYMENT WILL RISE BY ABOUT 20%

Here is how the major industries in the United States are expected to grow in the next ten years, compared with the overall rise in total employment.



the kinds of jobs industry will need workers for are also changing

PROFESSIONAL, OFFICE AND SALES JOBS WILL GROW THE FASTEST

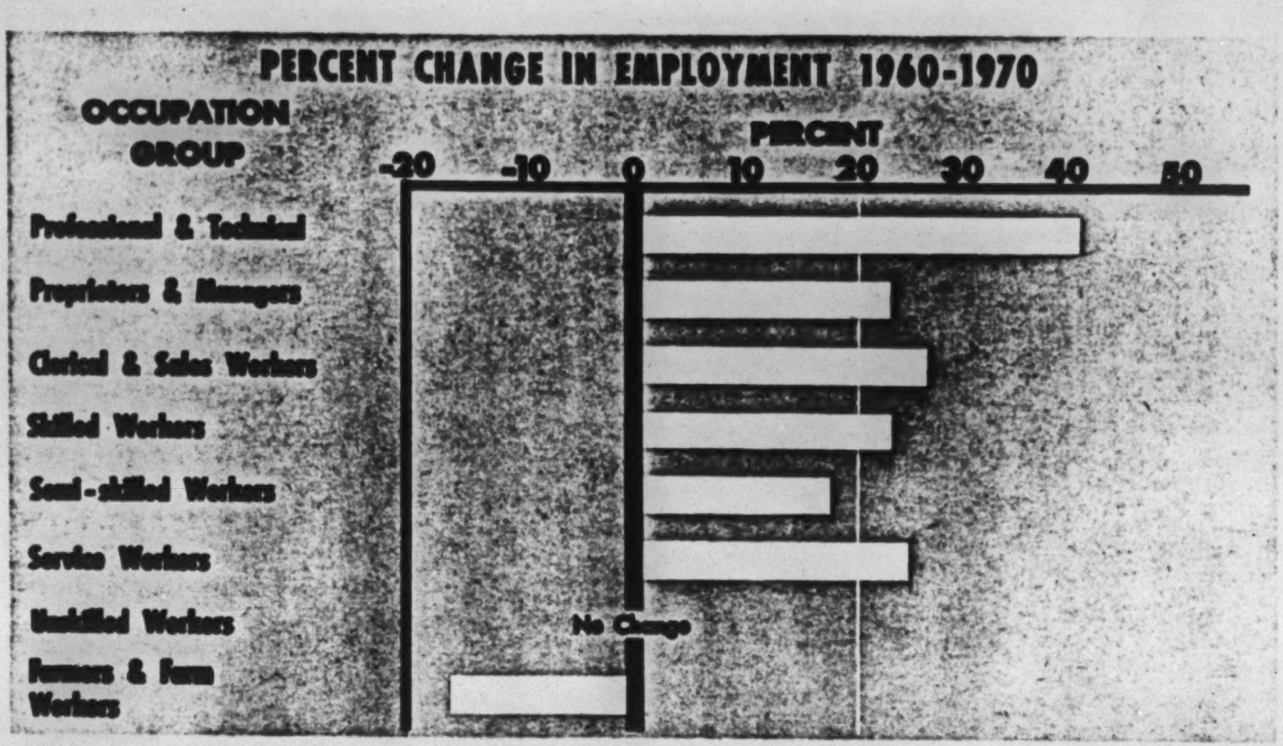


During the past decade, professional, office and sales workers as a group exceeded for the first time in our history the number of persons employed in manual occupations (skilled, semi-skilled and unskilled jobs).

During the coming decade, this trend will continue. The fastest growth will occur among professional and technical occupations, especially engineers, scientists and technicians.

Among the manual occupations, the need for skilled craftsmen will increase, but the number of unskilled jobs will stay about the same, continuing their long term relative decline.

and the biggest increases will occur in occupations requiring the most education and training



Average years of school completed of those working in 1959

Occupation Group	Years
Professional & technical	16.2
Proprietors & managers	12.4
Clerical & sales	12.5
Skilled	11.0
Semi-skilled	9.9
Service	9.7
Unskilled	8.6
Farmers & farm workers	8.6

These anticipated changes in employment in various occupation groups during the coming decade will result from several major causes:

- ✓ The continuing shift from an agricultural economy to one that is predominantly industrial
- ✓ The rapid expansion in research and development activities
- ✓ The tremendously rapid increase in application of technological improvements
- ✓ The increasing size and complexity of business organization
- ✓ The widespread growth of record keeping among all types of enterprises
- ✓ The growing need for educational and medical services

The United States has a highly mobile labor force

every year

MILLIONS OF WORKERS VOLUNTARILY COME IN AND OUT OF THE LABOR FORCE

Many more persons work at some time during the year than are employed at any one time. Most of them enter the labor force for a short while only, to help meet the demand for part-time and seasonal workers. Others are beginning or ending their work careers.

every year

MILLIONS OF WORKERS CHANGE JOBS

For example, in a recent year, more than 8 million different workers changed jobs.

These 8 million workers made 11½ million job changes.

About 2/3 of these job changes were to a completely different industry.

About ½ of them were to a completely different occupation group.

every year

MILLIONS OF WORKERS MOVE FROM ONE PLACE TO ANOTHER

About 7 percent of all male workers are now living in county different from the one they were in the year before More than half of them are also now living in a differen State.

to sum up

here is the labor force balance sheet for the 1960s

	(MILLIONS)
Number of workers in 1960	73.6
SUBTRACT:	
Withdrawals from the labor force because of death, retirement, marriage, child-bearing, etc.	−15.5
1960 workers still in labor force in 1970	58.1
ADD:	
Young workers coming into the labor force during the 1960s	26.0
Women returning to the labor force during the 1960s	3.0
Number of workers in 1970	87.1

In 1970, more than 100 million persons will be working
at some time during the year—
a number equal to the total population of the
United States around 1920.

BECAUSE OF THE MANY CHANGES EXPECTED IN OUR LABOR FORCE
THE NATION WILL HAVE TO FACE MAJOR CHALLENGES
IF IT IS TO MAKE THE BEST USE OF ITS MANPOWER

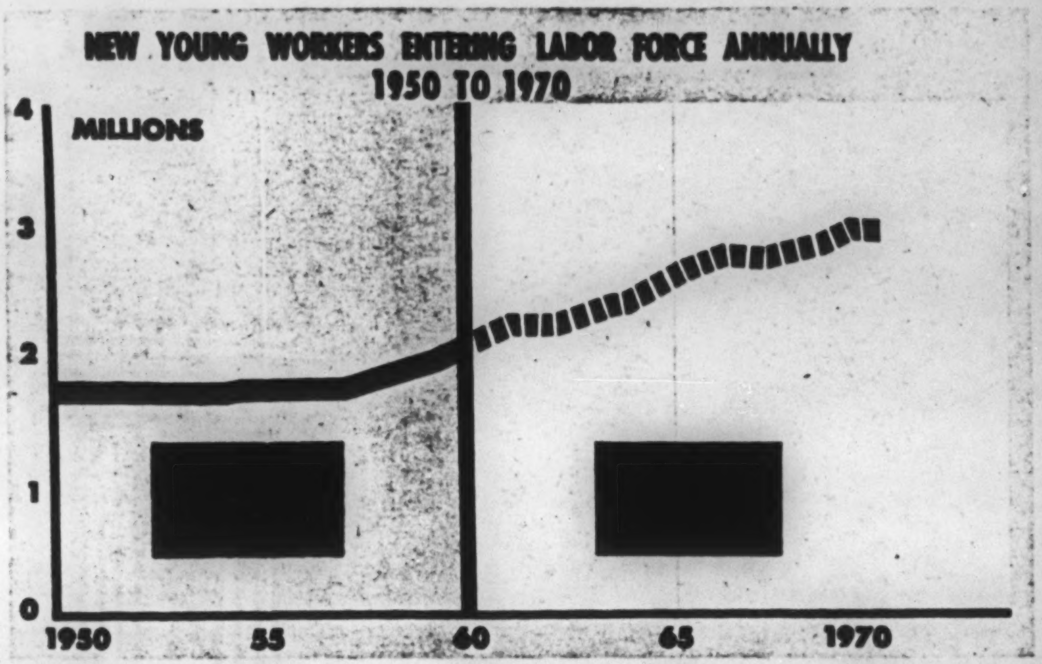
Here are some of the groups requiring special attention

- New young workers
- Middle aged and older workers
- Part-time workers, many of them working mother
- Negro workers
- Farm workers

the number of new young workers will increase sharply during the 1960s

By the late 1960s three million new young workers will enter the labor force each year, as compared with TWO MILLION A YEAR now starting their work careers.

Altogether 26 million new young workers will enter the labor force during the 1960s—almost 40% more than during the 1950s.



THIS LARGE NUMBER OF NEW YOUNG WORKERS WILL MEAN THAT . . .

EMPLOYERS

Will find they have even a bigger stake in a sound educational system

Will have to employ a larger proportion of young and inexperienced persons

Will have to provide more and better training on the job, and concentrate on supervision and safety education

Will have to expect more turnover

Will have to allow for more part-time workers

YOUNG WORKERS

Will have to prepare themselves for a rapidly changing and more complex world of work

Will need more education and training, with better guidance and counseling

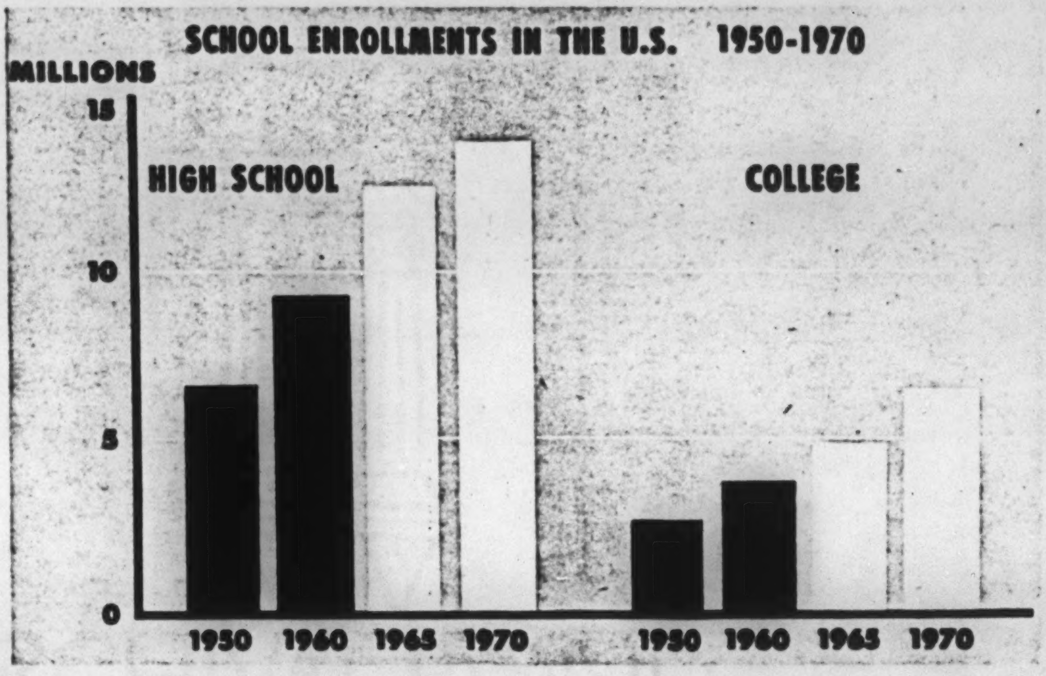
Will have to compete more keenly for the better jobs

education and training in the United States
will get even more emphasis during the 1960s

SCHOOL ENROLLMENTS WILL CONTINUE TO INCREASE SIGNIFICANTLY

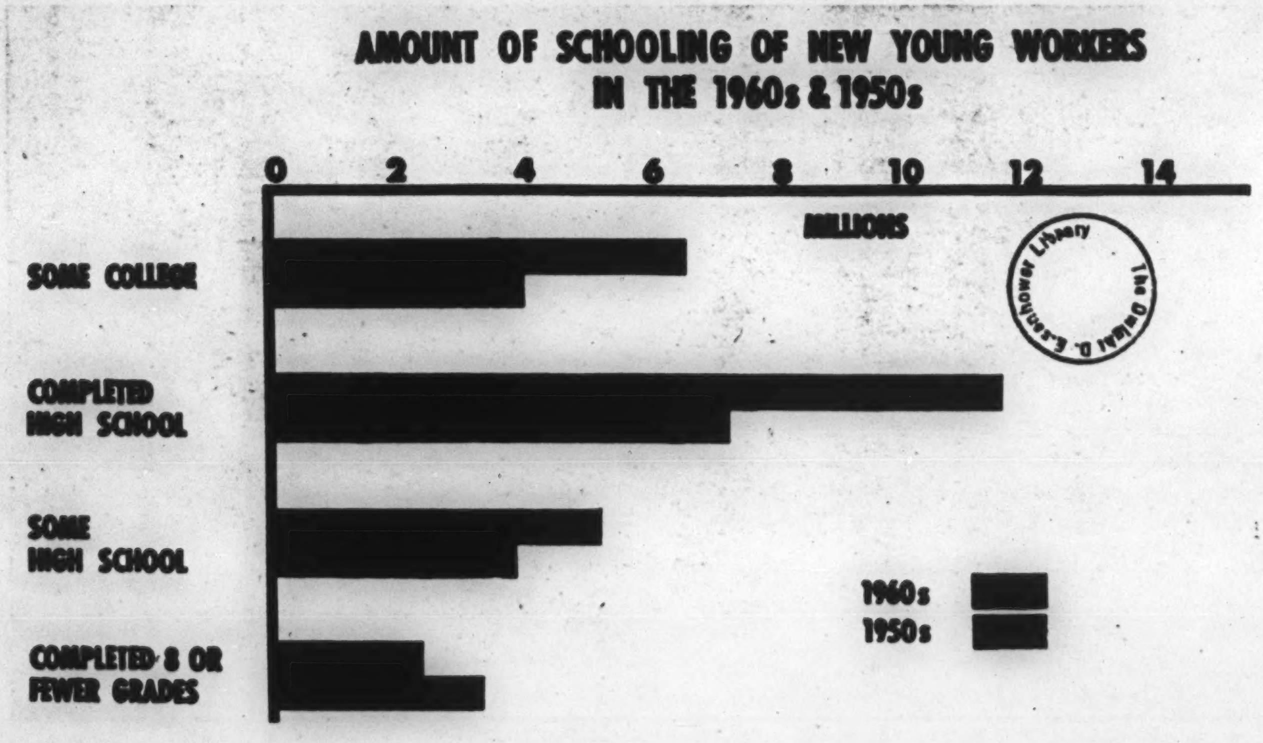
HIGH SCHOOL ENROLLMENTS
Will increase by nearly 50% during the 1960s—on top of a 40% increase during the 1950s.

COLLEGE ENROLLMENTS
Will increase by 70% during the 1960s—as compared with 40% during the 1950s.



NEW YOUNG WORKERS WILL HAVE MORE EDUCATION

70% of new young entrants to the labor force in the 1960s will be high school graduates or better, as compared with 60% in the 1950s.



but, millions of new young workers will not have had a high school education

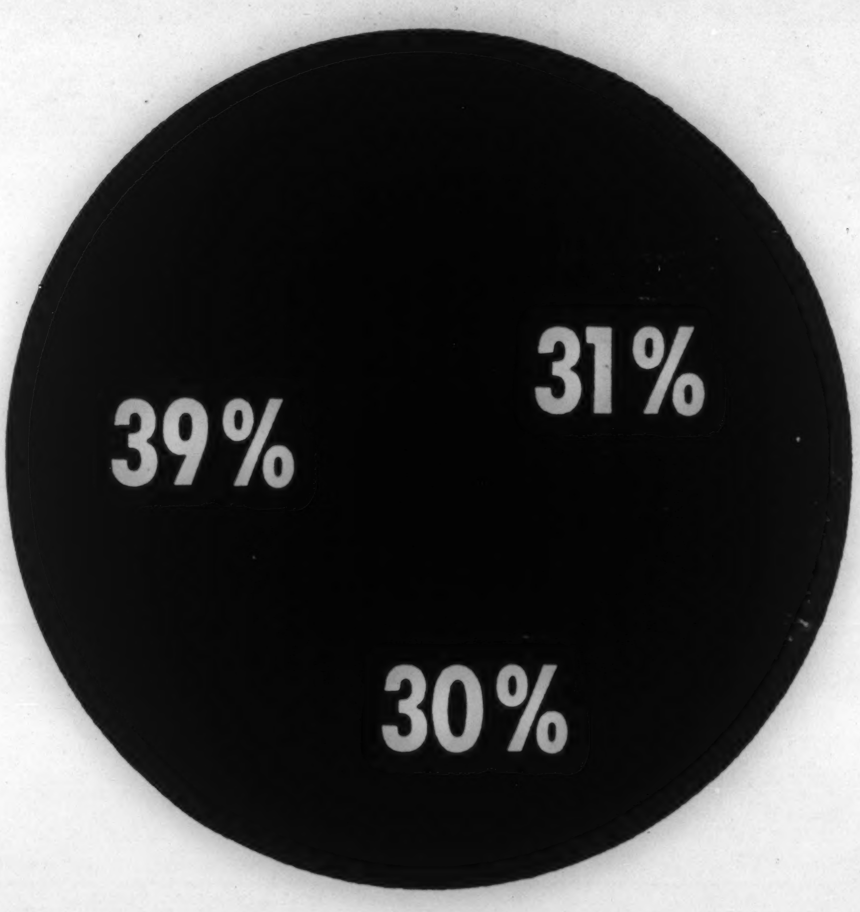
EMPLOYERS WILL REQUIRE AT LEAST HIGH SCHOOL DIPLOMAS FOR MORE AND MORE JOBS

NEVERTHELESS

7.5 million young people entering the labor force during the 1960s will not have completed high school.

AND 2.5 MILLION OF THESE will not have completed even a grade school education.

SCHOOL GRADES OF YOUTH LEAVING BEFORE HIGH SCHOOL GRADUATION



THE PROSPECT THAT 30% OF ALL YOUNG WORKERS ENTERING THE LABOR FORCE DURING THE 1960s WILL LACK A HIGH SCHOOL EDUCATION — POINTS TO THE NEED TO:

Encourage boys and girls to get all the education and training possible.

Develop courses of training designed to meet the needs of these young people.

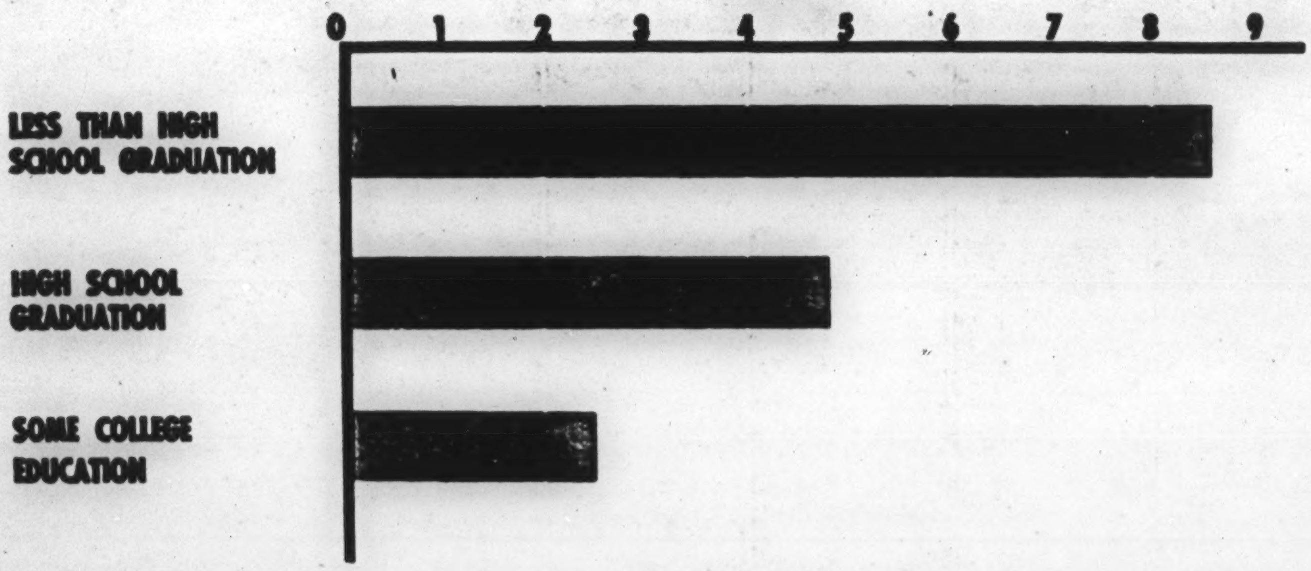
Provide guidance and counseling earlier in their school years.

the kind and amount of education young persons receive affect their lifetime careers

PEOPLE WHO WORK IN THESE OCCUPATIONS	**HAVE THIS KIND OF EDUCATION:** Percent with Less than high school graduation	Percent with High school graduation	Percent with Some college education
Professional & technical workers	6	19	75
Proprietors & managers	38	33	29
Clerical or sales workers	25	53	22
Skilled workers	59	33	8
Semi-skilled workers	70	26	4
Service workers	69	25	6
Unskilled workers	80	17	3
Farmers & farm workers	76	19	5

IN GENERAL, THOSE WITH MORE SCHOOLING HAVE HIGHER EARNINGS
MOREOVER
UNEMPLOYMENT IS MUCH HIGHER AMONG THOSE WITH THE LEAST EDUCATION

PERCENT UNEMPLOYED BY AMOUNT OF EDUCATION - 1959



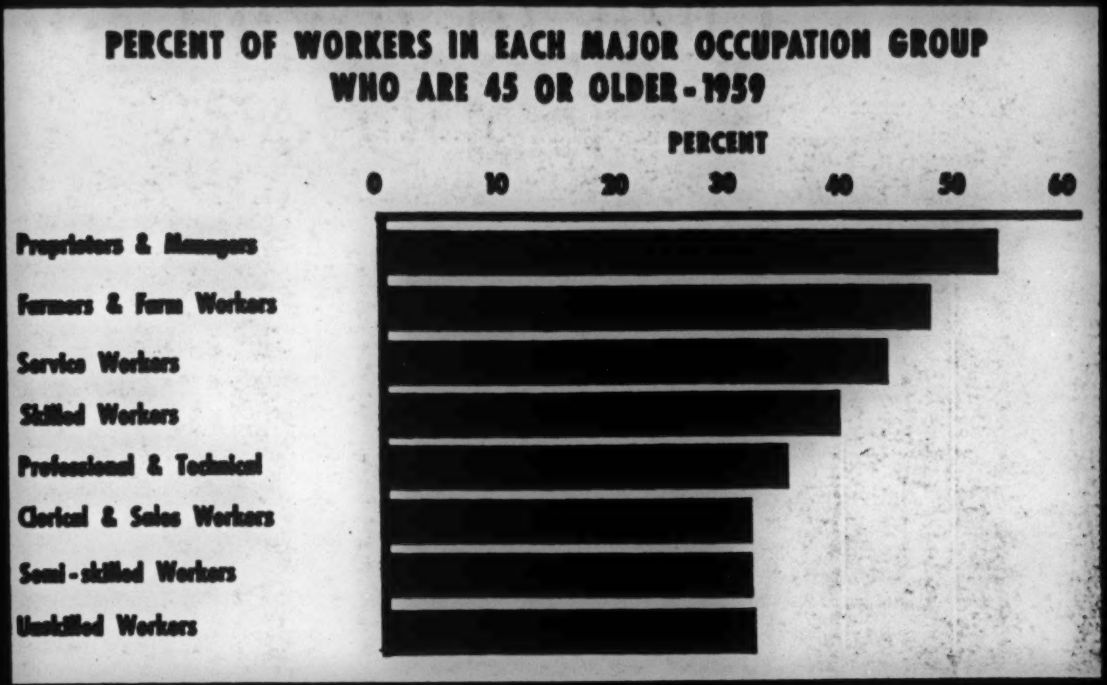
during the 1960s 2 out of 5 workers will be 45 years or older

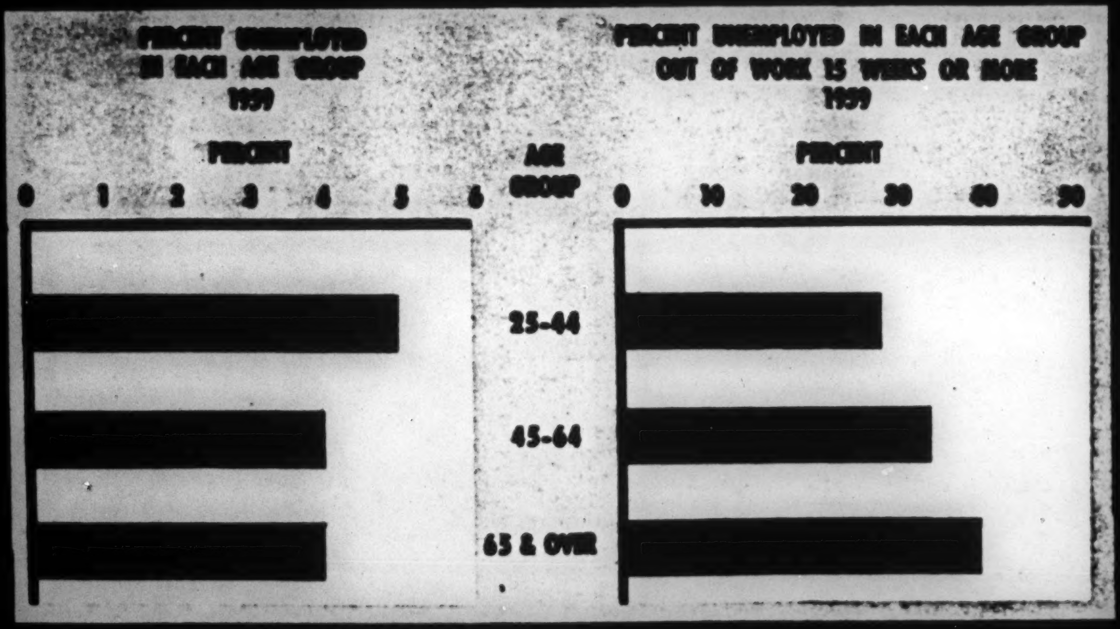
By 1970, over 33 million men and women 45 years or older will belong to the labor force, 5.5 million more than in 1960.

OLDER WORKERS

Have the skill and work experience needed for our growing economy.

They now account for a significant proportion of our managerial and skilled workers.





OLDER WORKERS

Do not experience a markedly different rate of unemployment than do workers in other age groups

BUT

Once out of work, they remain unemployed for longer periods of time

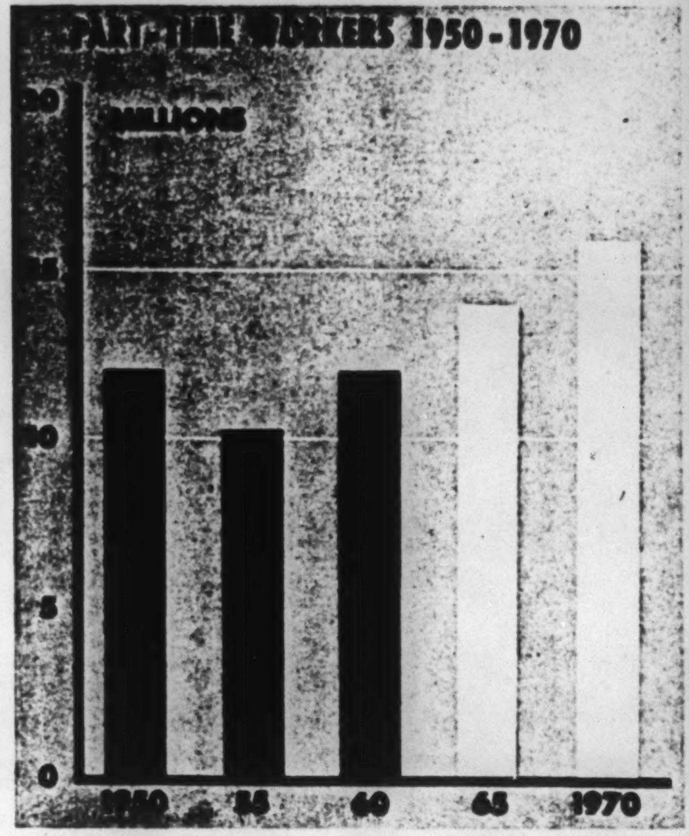
THESE FACTS POINT TO

The need to eliminate discrimination in hiring on the basis of age

The need for training and retraining of older persons to help them keep up to date on technological changes

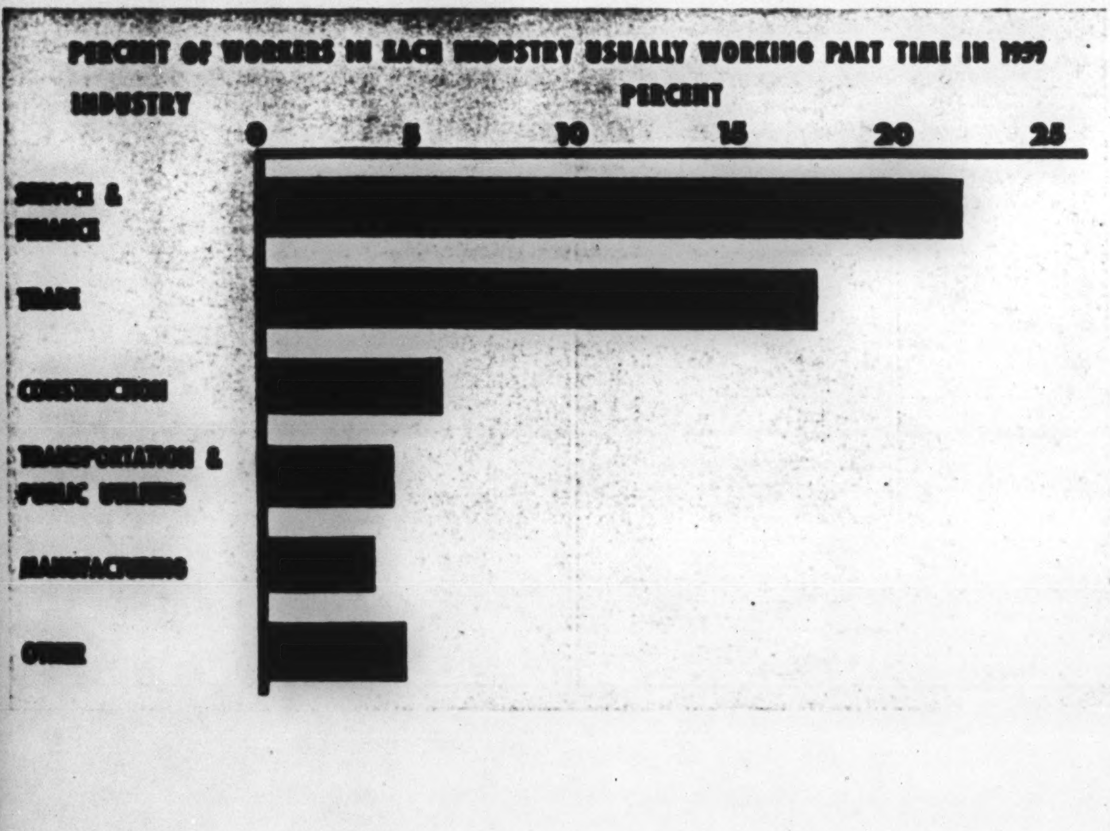
more people will choose to work part time

16 million persons will be part-time workers in 1970, a 30 percent increase from 1960.



There will be a very large increase in the number of persons able and willing to work only part time. This will occur because most of the labor force growth will be among *young people*, many of whom will still be in school,

and among *adult women*, many of whom will have home responsibilities.



The increase in the number of part-time workers
will provide employers with a flexible manpower supply

BUT

other industries as well as trade and service
will have to reschedule more of their jobs to a part-time basis
if this large supply of workers is to be used effectively.

Negro workers represent an important manpower resource

One out of every ten workers is a Negro.

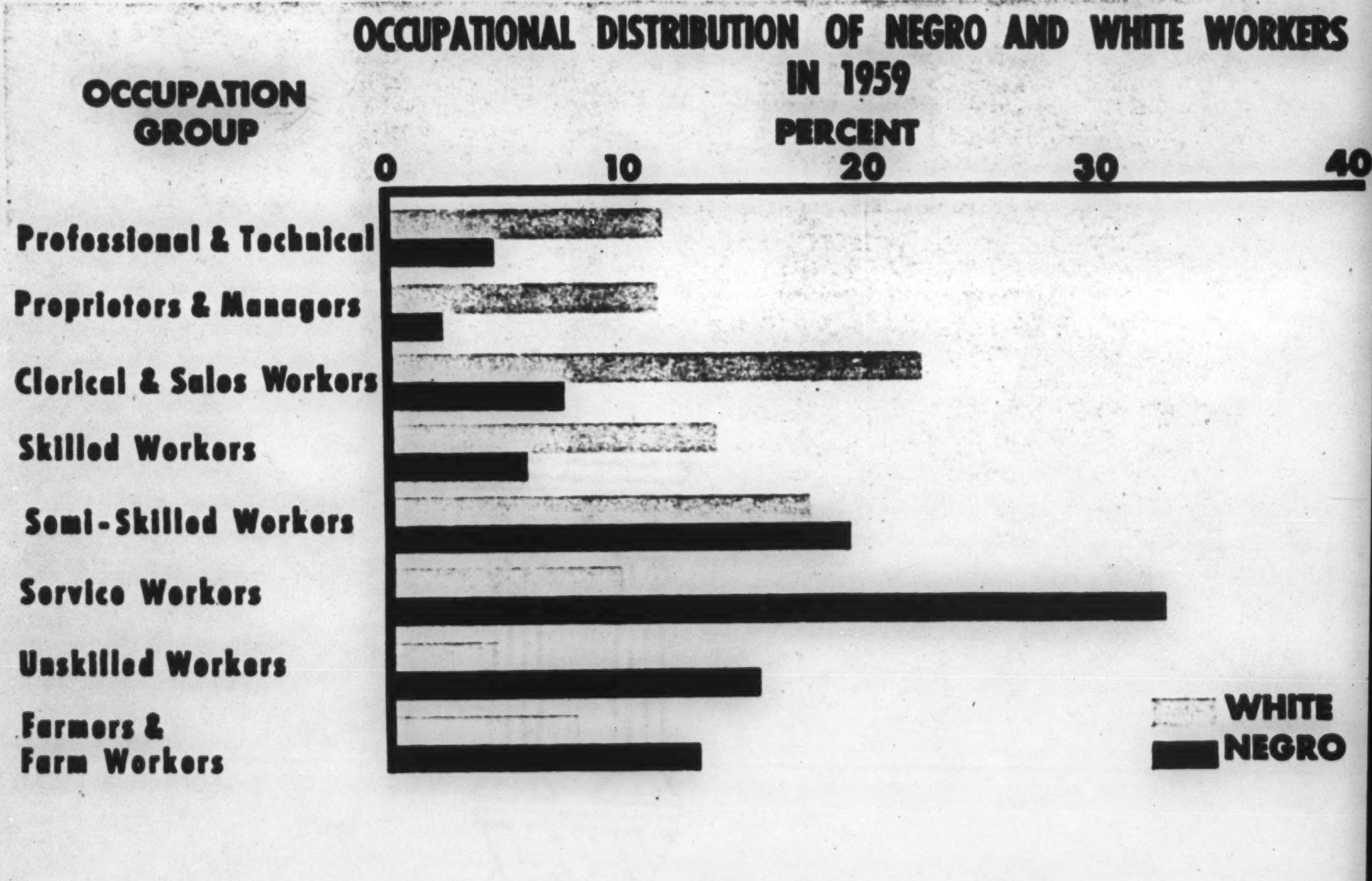
For a variety of reasons—lack of education and experience, discrimination—
many Negro workers are not being used to their fullest capabilities.

The kinds of jobs in which Negro workers are employed are substantially different from those of white workers.

These job differences have become less pronounced in recent years.

For example, the percent of Negro workers in professional, clerical, sales and skilled jobs has doubled during the past 20 years.

NEVERTHELESS, THERE IS STILL A LONG WAY TO GO in the development and effective use of Negro workers.



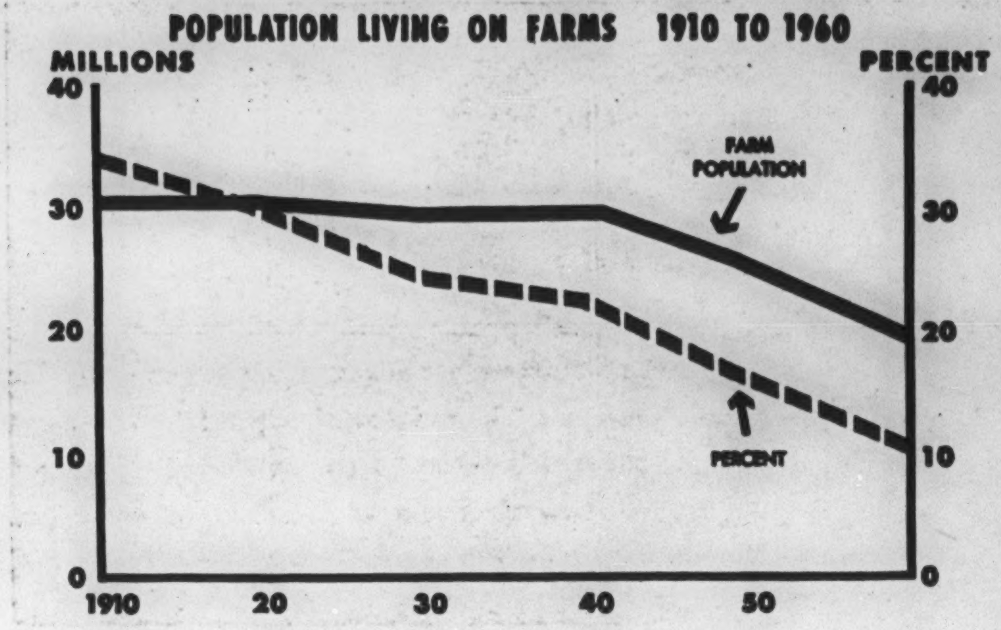
many of our manpower resources will come from the farm population

The number of persons living on farms has decreased substantially over the years.

The movement of farm people to urban areas has been one of the major trends of this century, reflecting in part the continuing reduction in farm manpower requirements.

YOUNG PEOPLE, ESPECIALLY, ARE LEAVING THE FARMS IN GREATER PROPORTION THAN ANY OTHER AGE GROUP

They will need the kind of education and guidance that will help them adjust to work and to compete for the better jobs in nonfarm settings.



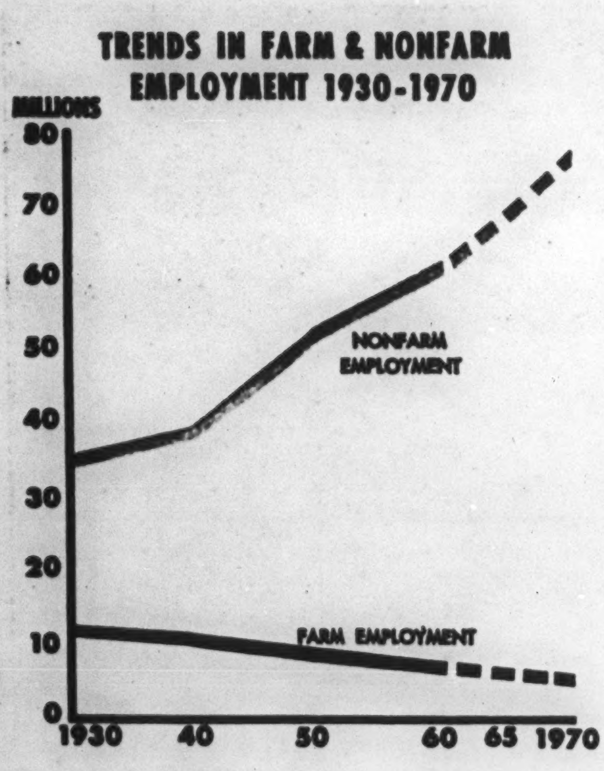
PERSONS WHO REMAIN ON THE FARMS WILL ALSO NEED BETTER EDUCATION AND TRAINING

Farming as a business requires more knowledge and skill to operate effectively.

Many more farm jobs require special skill and training.

More and more of our farm population depend partly on nonfarm jobs to supplement their incomes.

Almost one-third of all income of farm residents comes from nonagricultural sources.



CONCLUSIONS

As a Nation we are advancing in scientific and technical know-how at a tremendous rate. The end is not in sight. How well we will realize the potential of this advance in terms of the well-being of our people depends in large measure on how effectively our people as individuals—our manpower—are able to use the new tools at hand.

This brief presentation describes our expected manpower resources and requirements for the 1960s. Undoubtedly the facts as they develop will differ in detail from what we now anticipate, but these general conclusions will stand:

WE MUST

Improve individual competence, present and prospective, across the board

Use *all* our manpower resources without regard to race, sex, age or physical handicap

Strive to place every worker in a job that best fits his talents and then press for full use of these talents on the job

Help every worker to develop a sense of purpose and pride in his job

Prepare now for new and changing manpower needs within the total work force

Develop jobs for all kinds of worker capabilities

Plan on full use of better quality as well as increasing quantity of manpower

THE JOB AHEAD

In a democratic society everyone must accept his appropriate share of the responsibility for developing our human resources—individuals and organizations alike. Here are some of the steps to be taken to assure that our work force is adequate, well qualified and fully used in the 1960s.

WE MUST

Expand and improve all forms of training on the job, including apprenticeship for the skilled trades

End all forms of discrimination in hiring and use of manpower

Develop and then make full use of increasingly effective placement services

Support and strengthen our school systems

Expand and improve guidance and counseling services

Improve health and safety in the work place

Develop better national and local information on manpower resources and requirements

The 1960s hold the promise of a decade of historic significance, in the development of this Nation, in achieving a better life for our citizens, and in aiding other nations which seek a higher standard of living for their people.

The United States is rich in human resources. It is essential in the national interest that we recognize our manpower capacities and develop them well.

SOURCES OF DATA

The facts of the past and projections for the future used in this pamphlet have been assembled from a number of Federal agencies.

The following are the principal sources of data used:

Department of Labor
    Bureau of Labor Statistics
    Bureau of Employment Security

Department of Commerce
    Bureau of the Census
    Office of Business Economics

Department of Agriculture

Department of Health, Education and Welfare
    United States Office of Education

U.S. GOVERNMENT PRINTING OFFICE : 1960 O -

CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only

CA - 60-148

March 2, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, March 4, 1960

1.	Campaign Discussion	CI - 59-66	The Chairman, Republican National Committee The Chairman, Council of Economic Advisers The Deputy Assistant to the President for Congressional Affairs

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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DETERMINED TO BE AN
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E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

MINUTES OF CABINET MEETING

March 4, 1960

9:00 a.m. -- 10:30 a.m.

The following were present:

Vice President Nixon

Mr. Douglas Dillon
  for Sec. Herter
Sec. Anderson
Sec. Gates
Mr. Lawrence Walsh
  for AG Rogers
PMG Summerfield
Mr. Elmer Bennett
  for Sec. Seaton
Sec. Mueller
Sec. Benson (in part)
Mr. John Gilhooley
  for Sec. Mitchell

Mr. Stans, BoB
Gov. Hoegh, OCDM
Dr. Saulnier, CEA
Mr. Scribner, Treasury
Sen. Morton
Mr. McKibbon, Post Office

Mr. Morgan
Mr. Merriam
Mr. Robert Gray
Mr. Kendall
Dr. Paarlberg
Mr. Anderson
Mr. Harlow
Mr. Minnich

The Vice President presided in the absence of the President.

1960 Campaign - Sen. Morton introduced the subject with a presentation on recent public opinion polls and some of the disappointing reports that may soon begin to appear, and he commented on several by-elections soon to come up. He hoped that Cabinet members would keep these in mind so that they might give such assistance as might be appropriate.

Mr. Harlow outlined the situation in Congress and spoke of what might be expected in this political year. After setting forth a number of generalizations, he focused on the difficulties that could be expected with regard to the Hardy amendment to the mutual security bill, which would force the Chief Executive to furnish information to the Congress on request. This infringement of Presidential prerogative might necessitate veto of the essential mutual security legislation. Also, he said, there would be difficulty with the defense program, the postal rate increase, the highway program, a parade of investigations, and any number of economic programs revolving around the rate of growth and "sympathy for the little man."

Dr. Saulnier took note of the recent report issued by the Majority of the Joint Economic Committee, and he offered to circulate confidentially to the Cabinet his personal analysis of that Report.

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Dr. Saulnier believed that the possibilities for controversy in economic matters would hang largely upon the trend shown by the employment figures for February, and the forthcoming statistics on projected business expenditures on plants and equipment. He could not be sure as to what either of these would show but his present best guess was favorable in each instance.

Mr. Stans opened the discussion by calling attention to a recent request from the Congress for a $662,000 supplemental for carrying on investigations. Should there be any way to obviate that, it would be a significant help to balancing the FY '60 budget.

There was much discussion of polls and of possible reasons for any decline in Republican popularity. The Vice President stressed repeatedly that even a 5% drop was extremely significant since it meant a 10% spread between Parties. This was all the more important, he said, since any popular Presidential candidate at any time would be fortunate to have a 10% margin. Sen. Morton noted that the polls in 1956 showed only a 6% spread between Parties whereas it is now 20%.

There was extensive discussion of public understanding of the Administration defense program. Sec. Gates thought it a wicked thing that so many charges of "second rate" were being made, for that can cause people to be confused and eventuate in a serious loss of confidence, especially if such charges are applied to a variety of things like research, education, economic growth, etc., etc.

The discussion covered also the actuality of United States strength.

The Postmaster General thought it desirable to get Cabinet members more specifically familiar with defense programs so that they could speak publicly with a greater knowledge and sureness. The Vice President noted that the President could only do so much in developing public understanding, and that there was a continuing need for pounding away by all concerned. It was noted that we have pertinent memoranda on the issue here being prepared, and would soon be circulated to Cabinet members.

Sec. Flemming spoke at length on the desirability of listing in public addresses the many accomplishments of the Administration even though some Republicans are not enthusiastic about them. He mentioned incidentally that many of the Adm. Rickover charges against American education policies were unfounded, and that his knowledge of Russian education was not all that it should be.

Sec. Dillon adverted to the importance of the coming Summit meeting, especially since there are now signs that the Russians are taking a new "tough" line, and the United States may be in for a new rugged era in dealing with the Russians. The Vice President thought it was necessary, both politically and on the merits of the case, to meet Russian toughness with toughness.

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E.O. 11652, Section 1

By DHC NLE, Date 8-12-76

Sec. Flemming asked if there was any possibility that the Administration would request increases in defense programs. Sec. Gates said that the door is always open for requesting additional funds should some sort of a scientific break-through occur to justify any increase. Sec. Gates also commented that this whole program of security depended on warning time in that there was no real problem if the United States had 24 hours warning, or even 15 minutes warning of any attack. However, if it were assumed that the Russians could without warning shoot off a great salvo sufficient to knock out all our deterrent, then the problem was different.

Air Force Manuals - Sec. Gates took the opportunity to request advice on handling the current controversy between the churches and the Air Force with regard to the manual which alleged communist infiltration of the churches. He said that his office was receiving floods of mail greater than anything since the Army-McCarthy controversy. However, the mail was essentially from Rightist pressure groups. The Vice President declined comment until he could learn more about it. Sec. Flemming urged that the Pentagon continue its policy of avoiding anything that would cast a cloud over the nation's churches at the same time as it refused to join issue as to whether any communists at all had found their way into the church. It was clear that communists had not taken over the operation of the National Council of Churches.

The discussion was concluded with Mr. Stans' comment on recent charges that the President is uninformed about defense issues, whereas the fact is that the President spends a tremendous amount of time on these matters. The Vice President added a word about the mythology of one page memos, and Mr. Lippman's recent erroneous statement that the President does not even attend NSC meetings.

Sam

L. A. Minnich, Jr.

Copy to:
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

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RA - 60-148

March 9, 1960

The White House

Washington

THE CABINET

Record of Action

The following were the agreements reached at the Cabinet meeting of Friday, March 4, 1960:

1. Campaign Discussion

ACTION: a) A focal point within the White House will be established for the coordination of requests and plans for Cabinet- and Assistant-Secretary-level speaking dates.

b) The members of the Cabinet are called upon to give all the help that appropriately can be rendered in campaigns in the Seventeenth and Eighteenth Districts of Pennsylvania and in North Dakota.

c) The Chairman of the Council of Economic Advisers will prepare and circulate to members of the Cabinet his analysis of the recent majority report of the Joint Economic Committee.

d) The Deputy Assistant to the President for Congressional Affairs will circulate to Cabinet members

i) an unclassified summary of the arguments demonstrating the soundness of the United States' defense program vs. USSR.

ii) an up-to-date version of the recent monograph, "Would We Want to Change Places With the USSR?"

e) Consideration will be given to emphasizing the progress which has been made under this Administration in the fields of human welfare.

f) The Vice President will recommend to the President that he consider the advisability of "briefing" the American people, via television, on the Defense picture, on his Administration's accomplishments in this field, the strength of our arsenal, and the foundations on which his Defense budget recommendations have been built.

Robert Gray
Secretary to the Cabinet

Approved by the Vice President

March 9, 1960

CABINET PAPER
For Action

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Brief — (a) everybody knows more about Congress than anybody does; (b) leave time for discussion because some of my legislative situation estimates are bound to spark a bit of argumentation.

First, a few historical reminders, then some generalizations about this final session of this Administration, then a quick run-down of main issues developing in this session.

As for historical reminders, these facts we easily forget:

1. Longer with opposition Congress than any other in history.
2. Largest opposition control of Congress in any President's final two years.
3. Only President to have most successful Congressional year in first session of final Congress.
4. First President in history constitutionally a "lame duck" — by definition, supposedly politically powerless.
5. Only President in history to conserve prestige and influence for final years of Administration.
6. Most popular President in history in final days in office.
7. No prior President as gently handled by Congress — by both Parties — in his final two years.

Mention because, normally, in a situation of this kind, we at this table would be utterly frustrated, bitter and deeply unhappy as regards Congress. Not so because of (1) President's persisting prestige and (2) unprecedented Congressional influence of Rayburn and Johnson. (Johnson and Rayburn tried the historical devilment at opening of first session but failed; forced back to "constructive cooperation.")

Which brings us to a few specific generalizations about this final session of Congress during this Administration:

1. Continuing prestige of President will probably keep him the dominant legislative force in America throughout the session — hence, the unifier of Republicans in both Houses and the despair of Democrats, despite the Third Term Amendment and this being his final year.
2. Politics will reign supreme throughout the session — politicians not statesmen; political symbols not facts; calculated demogoguery not cold reason — not present needs but tomorrow's election. Connivery, trickery, unfair advantage, no more confidences that are trustworthy, attacks by friends, friendly advances by enemies, a general tightening of Party lines — as all go to battle stations on Capitol Hill. Repeat and emphasize — will be politics uber alles at the Capitol henceforward. Especially so with 4 D. candidates in Senate, one managed by Speaker of the House.
3. Both Houses simultaneously dominated by both Parties — Democrats by their heavy majorities; Republicans by Presidential vetoes. Legislation by collision will continue.
4. Vetoes, by and large, will continue to be sustained, dissident Republicans being replaced by sufficient numbers of dissident Democrats to hold the line on most issues.
5. Conservatism in appropriations in most areas, not profligacy as we feared, will continue to rule.
6. All this based on peace and prosperity continuing; all off if either changes.

Now — a quick summary of the developing issues as they appear at this stage of the session:

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1. Foreign Affairs --

Two areas of serious controversy -- mutual security and rule of law. As for former, looks like a $600 million to a $1 billion cut -- in other words, the normal 25% cut -- for this program has come to be a domestic political slush fund -- the last bill of the session, for it is the final Democratic budget balancer.
[illegible] amendment

Rule of law shatters Republican ranks; if it reaches Floor of the Senate, it will create chaos in our ranks, including our Leadership.

2. Defense --

Verbal drumbeat on defense inadequacies will soon be replaced by specific appropriations actions. In House, largely a reshuffling of funds -- the carrier canceled, Polaris, air alert, B-70, Army and Navy modernization, ATLAS all increased, other funds shuffled around to make end result not a significant increase; Floors under National Guard and perhaps Reserve, Army and Marines. In Senate, a very substantial appropriations increase, later to be halved in Conference -- end result, an increase ranging from four or five hundred million to $1 billion.

After civil rights dispute expires, defense will return persistently to the center of the stage. Only national issue now seriously being exploited by Democrats; part of larger issue -- second ratism to Soviets.

Otherwise, harrassing investigations, like AF manuals.
Space a collateral issue - becoming major if Reds do something spectacular - before election.

3. Fiscal and monetary --

Budgetary surplus seems likely to fare rather well; House Appropriations leaders determined to cut DDE budget by $2 billion. Won't turn out this way, but neither will budget be appreciably increased. If budget cut by $2 billion, could expect a tax cut.

Substantial increases here and there -- but cuts elsewhere will compensate.

Treasury interest rate bill will pass House in about three weeks but will fail in Senate unless Majority Leader cooperates. Will become a major political battle; 50-50 chance at best for it now.
Keogh-Simpson bill

4. Natural Resources --

President's wheat message, and testimony of Secretary, well received; "sweet reasonableness" proving effective -- need something "constructive." Something on wheat will pass -- (1) hybrid bill, made up of DDE preferred solution plus facsimile of vetoed wheat bill of last year, or (2) another bill passed deliberately to get a veto. Former now more likely. Most Members at Hill still consider this the prime political measure this session -- more important for the Party in 1960 than anything else, including civil rights and defense.
Food for Peace. Sugar Act.

Water projects will doubtless become porkbarreled again, possibly once again inviting a veto. Water pollution may come up again.

5. Human resources --

civil rights - minimum wage - aid to education - juvenile deliquency - medical care for aged - housing - area redevelopment.

6. Other -

Postal rate increases (plus, no doubt, postal pay increases).

Highways -- investigation -- provide adequate funding of program.

Investigations of all kinds of all things $ 3 1/3 million reported by Senate Rules on Jan 27.

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Eisenhower Library [illegible]
[illegible]

Now, correlating and coalescing these separate issues, they seem to show these major political issues being exploited and exploitable for the campaign ahead:

For the Democrats:

1. Second ratism with Soviet Russia -- major national issue

    Defense - space - education - rate of economic growth -- possibly, rate of government spending

2. Agriculture and water resources - major regional issues

3. Sympathy for little man

    housing, minimum wage, interest rates, health appropriations and medical care for aged, area redevelopment, civil rights

For the Republicans:

1. Peace, prosperity and strength

2. Democratic candidate deficiencies

3. Democratic schisms

4. Spending, inflation control, labor domination

5. Missile gulf causing missile gap

6. Experience and responsibility

AGAIN -- assuming continuance of peace and prosperity.

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EYES ONLY

CI- 59 - 66

December 17, 1959

The White House

Washington

THE CABINET

Economic Program of the Democratic Advisory Council: Summary and Comment

For information of Cabinet Members personally, attached is a paper prepared by the Chairman of the Council of Economic Advisers.

This paper summarizes and offers comments on the economic program of the Democratic Advisory Council, as published on December 7 last.

The attached memorandum is circulated on an eyes-only basis as background in conjunction with the discussion of Item 3 listed on the agenda of the Cabinet for the meeting of December 18, 1959.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Information

EYES ONLY

EYES ONLY

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CI - 59-66

December 17, 1959

The White House

Washington

THE CABINET

Economic Program of the Democratic Advisory Council: Summary and Comment

I. The December 7, 1959 statement by the Democratic Advisory Council makes three major criticisms of the Administration's economic policies:

(1) Economic growth has lagged since 1953.

(2) The Republican remedy for inflation is "tight money", which doesn't work.

(3) The Administration has not handled financial affairs well.

Comment

(i) On the question of growth rates, they put growth at 4.7% a year in 1947-53 and at 2.5% in 1953-59. This is correct, but they get the result by the illegitimate method of starting with a low year and ending with a high year when computing their own record, and doing the reverse when computing ours.

Second, they use total GNP, which veils the fact that since 1953 the non-Federal sector of our economy has grown faster than under Truman: thus, consumption goods output (including housing) rose 3.8% a year (ave.) in 1952-59(IIQ) and only 2.9% in 1946-52.

Third, their formula for increasing the growth rate always turns out to be the same thing: more Federal spending (very little of which would actually increase the nation's productive capacity) and a soft money policy.

(ii) Although they apparently advocate a budgetary surplus at this time, their program would involve billions in additional spending.

Their answer to this inconsistency is that they would get the needed revenue from (a) faster growth, (b) closing tax loopholes, and (c) ending waste in the budget (they mention specifically only high interest rates, duplication in armed services, and agriculture).

(iii) Their soft money policy would obviously end in (a) inflation of living costs, and (b) all kinds of economic controls designed to prevent the inflation from happening.

They cite favorably the Truman policy of pegging bond prices at a 2-1/2% yield basis. But they do not say, as

Senator Douglas said at the time, that this made the Federal Reserve "an engine of inflation". The American people had to pay far more in higher living costs than was saved in debt service.

(iv) On inflation, it should be observed that three-quarters of the increase in living costs since 1946 took place before 1953.

II. The remainder of the statement makes proposals for Federal action in specific areas (interlarded with some very critical comments on Administration policies), as follows:

(1) Work stoppages which endanger the national interest:

Taft-Hartley is inadequate. The President should have "a variety of approaches" including "appointment of fact-finding boards with power to recommend terms of settlement for guidance of the parties and the public"; the machinery created should encourage settlements that are "fair to the public and which will contribute to economic progress and price stability."

(2) Education:

(i) grants for construction of public elementary and secondary schools; (ii) scholarship and loan programs; (iii) grants to colleges and universities for physical facilities; (iv) scholarships for teacher education; (v) research for development of new educational resources, techniques and methods; (vi) aid for adult education and retraining; (vii) withdrawal of the NDE Act oath.

(3) Health:

(i) construction of 20 to 24 new medical schools and expansion of existing schools, as recommended by a consultant group to the Surgeon General; (ii) increase in Hill-Burton appropriations for hospital construction; (iii) an expanded program for psychiatric training; (iv) extending of OASI benefits to hospital and surgical care, financed by increased payroll taxes; (v) loans to local comprehensive health insurance cooperatives.

(4) Housing:

(i) increased slum clearance and urban renewal grants, under a long-term Federal commitment; (ii) expansion of relocation grants; (iii) "as many new public housing units as local communities are prepared to utilize"; (iv) a program (undefined) of housing for moderate-income families; (v) research and credit assistance for farm housing.

(5) Natural resources:

(i) annual appraisals of necessary resources, including recreational facilities; (ii) speed-up of water conservation and storage programs; (iii) more soil conservation; (iv) "water pollution control commensurate with our needs"; (v) a mineral program -- adequate stockpiles; maintenance of potentially essential inactive mines in operable condition; research on new methods of locating mineral deposits; research on new sources and new uses for minerals; (vi) a national wilderness system, and a system of lake and seashore recreation areas; (vii) national forest road improvement; (viii) a Youth Conservation Corps; (ix) Federal development of electric energy systems -- transmission facilities to connect regional power systems; more hydroelectric projects; development of atomic generating stations; (x) a national water policy, including research on means for converting sea water and brackish water into fresh water and for "interbasin exchanges of water."

(6) Urban problems:

A "comprehensive national commission" to survey needs of metropolitan areas and to determine the Federal role in meeting such needs. In the meantime, more funds for urban renewal, hospital construction and stream pollution control. Also, "programs should be initiated in the fields of education and juvenile delinquency control."

(7) To help small business, DAC promises (i) to "ease the tight money squeeze"; (ii) reverse SBA's negative approach in the administration of the Small Business Investment Act of 1958; and (iii) intensify efforts to obtain defense contracts for small and medium-sized business firms.

(8) Agriculture:

According to the DAC statement "the social institutions of many of our rural communities. . . are withering under the deepening pall of agricultural depression."

Six Republican vetoes and a number of administrative actions are cited as responsible for farm "economic distress."

Specific proposals include (i) working with the United Nations to study means for coordinating the production and use of farm products in the U.S. and in other countries; (ii) programs (which would be chosen by a substantial majority of the producers) for controlling supplies, accompanied by "income supplements" and by programs "to guarantee adequate reserves."

(9) Security for older persons:

(i) a substantial increase -- at least 30 percent over current minimum monthly payments -- on social security benefits; (ii) include costs of adequate health care under OASI; (iii) liberalize the OASI "retirement test" to allow additional part-time work; (iv) blanket persons in covered occupations already retired into OASI; (v) prohibit age discrimination in Federal contract employment; (vi) expand public preventive health programs to all persons over 60; (vii) appropriate and make full use of funds authorized for elderly housing; (viii) establish an "Older Persons Bureau" in the Executive Branch.

(10) Area Assistance:

(i) enact the "area redevelopment bill" vetoed by the President in 1958; (ii) step-up vocational training and retraining programs.

(11) Personal Security:

(i) raise the minimum wage from $1.00 to $1.25; (ii) establish "minimum standards of health, housing, social security protection, education and welfare services"; (iii) enact national standards for the Federal-State Unemployment Compensation System; (iv) make federally-aided public assistance grants to those whose unemployment compensation has expired; (v) remove the age (50 year) limitation on social security benefits to those permanently and totally disabled.

Other sections of the statement cover Civil Rights, the cultural and artistic life of the nation, integrity of United States administrative agencies, national defense, and foreign policy.

CABINET PAPER—PRIVILEGED

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CA - 60-149

March 9, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, March 11, 1960

1.	Refugee Problems and World Refugee Year	CI - 60-67	The Secretary of State Mr. Robert McCollum The Very Reverend Francis B. Sayre, Jr. Chairman, U. S. Committee on Refugees
2.	The Commission on National Goals	CI - 60-68	The President
3.	Clearance of Speeches Affecting Foreign Policy	(Oral)	The President
4.	Oceanography: Progress Report	(Oral)	The Special Assistant to the President for Science and Technology The Assistant Secretary of the Navy for Research and Development

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

MINUTES OF CABINET MEETING

March 11, 1960

9:00 a.m. -- 10:20 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Mr. Douglas Dillon
  for Sec. Herter
Sec. Anderson
Mr. Douglas
  for Sec. Gates
Mr. Lawrence Walsh
  for AG Rogers
PMG Summerfield
Mr. Elmer Bennett
  for Sec. Seaton
Sec. Mueller
Sec. Benson
Sec. Mitchell
Sec. Flemming

Mr. Stans. BoB
Gov. Hoegh, OCDM
Dr. Saulnier, CEA
Chairman McCone, AEC
Mr. Allen Dulles, CIA
Sen. Morton (in part)

Dean Francis B. Sayre, Chairman,
  U.S. Committee for Refugees (in part)
Mr. Robert McCollum, State (in part)
Mr. James H. Wakelin, Navy (in part)
  Mr. Robert Kreidler, (in part)
  Cdr. Merrill Sappington (in part)

Gen. Persons
Mr. Robert Gray
Mr. Gordon Gray
Gen. Goodpaster
Mr. Harr
Mr. Kendall
Dr. Kistiakowsky
Mr. Merriam
Mr. Morgan
Dr. Paarlberg
Maj. Eisenhower
Mrs. Wheaton
Mr. Fox (in part)
Capt. Aurand (in part)
Mr. Patterson
Mr. Minnich

World Refugee Year - Mr. Dillon introduced Mr. McCollum, of the State Department, and Dean Sayre, Chairman of the U.S. Committee for Refugees, to make this status report.

Mr. McCollum took note of the 2-1/2 million refugees around the world requiring help -- Europeans, Algerians, Palestinians, Tibetans and Chinese. He pointed out that since World War II the United States has spent more than $1 billion of government funds and has admitted over 750,000 refugees to this country, more than any other nation, although Australia and Canada are doing a great deal.

He stated that this World Refugee Year is being held under UN auspices; also that a White House Conference was held last spring, at which it

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was announced that the government would provide a special amount of $4 million for this purpose beyond the regular $43 million appropriation.

Mr. McCollum emphasized that for the first time since World War II, the United States does not now have any legislation authorizing refugees to enter the United States, for the Congress failed to act last year on the President's recommendation.

Dean Sayre spoke earnestly on the size and importance of this problem, and then outlined the private efforts by 38 principal organizations, coordinated through the U.S. Committee. He took note of the effective publicity developed thus far in World Refugee Year. He cited instances of the use of funds collected, and the President was particularly interested in finding out that a project for converting wheat into noodles was successful, and that the Chinese refugees were delighted to eat wheat in this form. He said that the major private agencies will this year raise $65 million, $15 over the annual average.

Dean Sayre recalled that the Congress had authorized the Administration to contribute an extra $10 million for the Year, the money to come from the President's special funds since there had been no specific appropriation. He hoped that the Administration might go beyond the $4 million already committed and make the entire $10 million available. Mr. Dillon subsequently pointed out that the contingency fund is low, and there may be overriding demands on it before June 30th. However, the subject will be reviewed toward the close of the Fiscal Year to see if more might be committed. He did not think it feasible to request a supplemental.

Dean Sayre also hoped legislation could be obtained to allow entry of refugees, and that the President would use his good offices toward this objective. He also hoped that the legislation would be applicable to all areas of the world since it would be dangerous to exclude any particular group.

There was extensive discussion of the possibility of securing legislation, and the President suggested that Gen. Swing endeavor to convince Rep. Walters of the need. Mr. Walsh pointed out that a bill was being developed by the Administration which would authorize the Attorney General to admit 10,000 refugees under parole, acting on the recommendation of the Secretary of State; and which would provide for redistribution within any geographical area of quotas unused in any single country. Also, the bill would provide for an additional 65,000 quota immigrants.

Dr. Flemming took particular note of the need for authority for the Attorney General to parole the "difficult to resettle" cases, involving people whom HEW could help to rehabilitate. Dean Sayre concurred that this provision was very much needed, but he noted the minor difficulty it would entail by setting up a third agency interest to deal with. Dr. Flemming agreed it was probably wise to stick to the two

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agencies -- State and Justice, and HEW would still be able to help in the rehabilitation phase.

There was some discussion of the difficult problem of admitting orientals. The Vice President hoped the Administration proposal could be broadened somehow so as to include some orientals. Mr. Walsh thought there were several things at hand that might be put in the bill in this respect.

Sen. Morton spoke of the extra urgency of submitting this recommendation since the opposition also have an interest and will soon be making recommendations.

The President noted in passing the rather unique situation in Surinam where there were five major ethnic groups. He told how proud each individual is of his group, and how the flag features five stars -- one for each group.

Commission on National Goals - In a brief status report, Mr. Merriam pointed out that this Commission was being headed by Mr. Wriston, included a great number of prominent and talented people, and that the group hoped to have at least a preliminary report for the President by December or January, even though it will take longer to complete an intensive analysis of the major problems the United States can expect to encounter during the next decade.

He said the Commission has set certain guidelines, including a recommendation that these be our own goals rather than merely imitation of Russia, that they be realistic rather than Utopian, and that the Report set forth means of accomplishment, areas of responsibility, etc. At the President's suggestion, the Commission was already working up a method of insuring wide publication of the results. Finally, the members of the Commission will make no comment on the work prior to the election.

Mr. Merriam emphasized how the President had specified that this be a completely private endeavor, although the government would stand ready to supply information upon request. The President said this cooperation would, of course, be subject to normal security restrictions.

Sec. Benson wondered if the Commission was deliberately delaying a report beyond election. The President replied in the negative, and pointed out the great length of time that had been required in finding sufficient funds to do the job. Mr. Mueller wondered if the guidelines were being made public. Mr. Merriam expected they were not.

The President commented on how the Commission had looked for any guidance he cared to offer, but he had refused to attempt to "call the play" for the Commission could draw upon his views to the extent they were stated publicly.

The President then remarked on the great effort being made in Brazil to open up the plateau area in which the new capital was being built. This was a matter in which President Kubitschek had set some specific

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goals for his people, similar to what the National Commission would be doing.

Foreign Policy Speech Clearance - The President thought it good to take note again of the need for clearance of any speech material touching upon foreign affairs. He directed that no speech should be made that touches upon foreign policy except after having it checked through the State Department.

Oceanography - Dr. Kistiakowsky reviewed the study made by the Federal Council, basing its efforts on the work done for four special committees of the National Academy of Science. He then called upon Assistant Secretary of the Navy Wakelin to describe the program in detail. This he did, pointing out the plan for a coordinated 10-year effort drawing upon the interests and resources of Interior, Commerce, AEC, HEW, the National Science Foundation, and the Navy. He outlined the funds being spent by the various agencies and by functions. He said that the chief problem focused on the need for constructing the ships and the facilities necessary in the program before most of the useful work could be carried forward. This created a great hump in expenditures early in the game, especially in FY '62.

The President inquired about the extent of participation of our allies. Dr. Kistiakowsky cited some of the many instances of such participation, and emphasized again the need for getting the special ships built and his hope that the President would be able to support the necessary budgetary needs.

Mr. Allen Dulles called attention to a recent CIA report on Soviet activity in this respect, and he showed the President a chart of the areas in which the Russians had been carrying on oceanographic projects.

Defense Program - The President took note of a letter he had gotten from a retired Navy Admiral who formerly had worked on many of the most modern weapons, and who expressed himself as enraged beyond words when he read the comments of self-styled experts. The Admiral thought that no right-minded commander would ever be satisfied with reliance on a single weapon, nor would he ever junk proved weapons for those as yet untested. The Admiral asserted that efforts to go faster than presently would serve merely to engender waste.

The President commented that it made him feel good to have this appreciation of views very similar to his own.

* * * * *

The President recalled how the Cabinet had met on earlier occasions in Executive Sessions without agenda, and he thought that the practice

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By BHC NLE, Date 8-12-76

might be resumed for the purpose of letting the Cabinet act as a consultative body to those having political chores in the months ahead.

lam
L. A. Minnich, Jr.

Copy to:
Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

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RA - 60-149

March 21, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Friday, March 11, 1960:

1. Refugee Problems and World Refugee Year (CI - 60-67)

ACTION: a) The Attorney General, in cooperation with the Secretary of State, and other agencies as appropriate, will make final arrangements for the transmission to the Congress, in the very near future, of a Message and draft legislation with respect both to refugees and immigration quotas.

b) This legislation will include proposals for the paroling of refugees, and will be drafted in such a way that it will recognize the problem of Oriental refugees and immigrants where feasible; consideration is to be given to possible liberalization of our immigration policy toward Orientals.

c) The Attorney General and the Secretary of State will recommend the most appropriate methods for bringing the President's and the Administration's desire for prompt Congressional action to the attention of the legislators most concerned.

Library

2. The Commission on National Goals (CI - 60-68)

ACTION: a) The Cabinet noted Mr. Merriam's description of the plans of the Commission, including its intent to make no public statements whatsoever until after the coming elections, but to have some preliminary report available for the President before January 20, 1961.

b) The Commission, on its initiative, will be calling upon Cabinet Departments for information; these requests should be honored subject to the usual restrictions with respect to security.

c) It would not be appropriate for any member of the Administration to make suggestions to the Commission inconsistent with its role as an entirely non-governmental undertaking.

CABINET PAPER

For Action

3. Clearance of Speeches Affecting Foreign Policy

ACTION: The President reminded the Cabinet that no speech which could affect our foreign relations should be made by any member of the Administration without a prior check with the Department of State.

4. Oceanography: Progress Report

ACTION: The Cabinet noted the reports of Dr. Kistiakowsky and of Assistant Secretary Wakelin with respect to the actions already being taken to accelerate the U. S. oceanographic program and those estimated for the future.

ADDITIONAL ITEMS:

A. Executive Sessions of the Cabinet

ACTION: The President suggested periodic Executive Sessions of the Cabinet to be held at the close of the normal meetings, to include subordinates if in their capacity as Acting Secretaries, and to include the Chairman of the Republican National Committee.

Robert Gray
Secretary to the Cabinet

Approved by the
President

March 21, 1960

~~DRAFT~~

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RA - 60-149

March ~~[illegible]~~, 1960
17

The White House

Washington

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b) This legislation will include proposals for the paroling of ~~up to 10,000~~ refugees, ~~per year, for within area use of unused quotas,~~ and will be drafted in such a way that it will recognize the problem of Oriental refugees and immigrants; where feasible, consideration is to be given to ~~a moderate~~ possible liberalization of our immigration policy toward Orientals.

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OK
RMK
WBP

CABINET PAPER

For Action

Gordon Knox in P

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OK - Dillon

4. Oceanography: Progress Report

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OK - K

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ACTION: The President suggested periodic Executive Sessions of the Cabinet to be held at the close of the normal meetings, to include subordinates if in their capacity as Acting Secretaries, and to include the Chairman of the Republican National Committee.

1

Robert Gray
Secretary to the Cabinet

March 17, 1960

MEMORANDUM FOR MAJOR EISENHOWER

FROM: Robert Gray

Attached for the President's initials is the Record of Action from last Friday's Cabinet meeting.

The text of the items has been okayed by the respective Cabinet officers concerned.

The Dwight D. [illegible] Library

BHP:gs

March 7, 1960

Memorandum of Meeting Regarding: Illegal Flights or
Incursions to Cuba

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FAA Conference Room
1711 New York Avenue, N. W.
March 4, 1960 - 3:45 P. M.

The Cabinet, on February 26, 1960, assigned primary responsibility for coordinating the efforts of government agencies to enforce this government's policy of interdicting illegal flights or incursions or exports of arms to Cuba.

In response to this directive, Mr. Quesada, Administrator of the Federal Aviation Agency, on March 4 called an initial meeting of all appropriate agencies to determine what type of action could be taken.

After considerable discussion outlining the seriousness of the situation to the United States vis-a-vis all Latin American countries, two courses of positive action were generally agreed upon.

1. Establish a communication network and a "command post" somewhere in southern Florida into which all information on potential illegal flights from the U. S. to Cuba could be passed, evaluated and action directed. This will require the cooperation of several government agencies as well as civilian aircraft operators.

2. Establish means whereby it becomes publically known to all U. S. citizens (especially those in aviation) the serious criminal and economic implications of participating, even indirectly or innocently, in such illegal flights over Cuba.

The FAA will act immediately in cooperation with others to define more clearly a program for implementing these two courses of action.

Brigadier General George S. Cassady, Deputy Director of the Bureau of Air Traffic Management, will serve as the over-all coordinator of this effort for the Administrator. General Cassady will be in communication with appropriate government agency representatives by Tuesday, March 8.

J Gordon Bennett

J. Gordon Bennett
Special Assistant
to the Administrator, Federal
Aviation Agency

Attachment - Attendance list at
March 4 meeting

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NAME	ORGANIZATION
Maurer, E.	Legal - Department of State
Mallory, L. D.	ARA - Department of State
Vallon, E. E.	ARA - Department of State
Hanes, J. W.	SCA - Department of State
McDonnell, J. P.	SCA - Department of State
Williams, J. W. CDR.	U. S. Navy Department
Smith, D. F. Jr. CAPT.	U. S. Navy Department (Op-33)
Ruebel, J. W. COL.	Headquarters, USAF (DCS/O)
Baldwin, R. P. COL.	Headquarters, USAF (DCS/O)
Swing, N. M. LTGEN.	Immigration and Naturalization Ser.
Hennessy, J. L.	Immigration and Naturalization Ser.
Yeagley, J. W.	Department of Justice
Emerick, C. A.	Department of Customs
Allen, J. J.	Department of Defense - Gen. Counsel
Perry, John W.	Air Force - General Counsel
Howard, D. H.	FAA - General Counsel
Bakke, O.	FAA - Bureau of Flight Standards
Goodrich, N. H.	FAA - General Counsel
Thomas, D. D.	FAA - Air Traffic Management
Pyle, J. T.	FAA - Deputy Administrator
Patterson, Brad	White House - Cabinet Secretariat
Bennett, J. G.	FAA - Special Assistant
Quesada, E. R.	FAA - Administrator

March 10, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, March 11, 1960

1. Refugee Problems and World Refugee Year (Acting Secretary Dillon; Mr. Robert McCollum; and Dean Sayre, Chairman, U. S. Committee for Refugees and Dean of Washington Cathedral)

Last May 19, pursuant to a United Nations resolution, you proclaimed these 12 months as World Refugee Year. The purpose of the proclamation was to call the Nation's attention to the potentialities of helping the world's 2-1/2 million refugees and of stimulating U. S. local and private support for an accelerated effort.

Secretary Herter has recommended this item to consist of (a) some opening remarks by Secretary Dillon, (b) a presentation by the Secretary's principal assistant for refugee matters, Mr. Robert McCollum, and (c) a report on the activities of the U. S. Committee by Dean Sayre.

Two recommendations will be made: (1) that you stress to appropriate Congressional leaders your continued personal interest in having the Congress enact refugee legislation this year, and (2) that you consider authorizing a press release at the conclusion of the meeting which would help dramatize White House interest in and attention to refugee problems.

2. **The Commission on National Goals** (The President)

Now that the Commission has been established and announced, there is some likelihood of its calling upon Cabinet members for information and assistance. We have listed this item in order to give you an opportunity to prepare the Cabinet for any such requests and to give them an understanding of what you expect of this new Commission.

3. **Clearance of Speeches Affecting Foreign Policy** (The President)

Gordon Gray and the Operations Coordinating Board have suggested that you reaffirm at a Cabinet meeting the procedure calling for State Department clearance of all official statements and speeches with foreign policy implications.

4. **Oceanography: Progress Report** (Dr. Kistiakowsky and Mr. Wakelin)

At Cabinet last July 31, the Cabinet heard a briefing on the problems facing the government in the field of oceanography. At that time it was agreed that specific proposals to meet these problems, including the coordination of existing agency programs, were to be presented to the Federal Council on Science and Technology, chaired by Dr. Kistiakowsky, and were to be reported to the Cabinet later.

The Federal Council has examined and taken action to coordinate the respective Federal agency programs.

Robert Gray

PROPOSED STATEMENT TO THE CABINET
BY ROBERT S. McCOLLUM

There are presently in free countries throughout the world approximately 1,500,000 unassimilated refugees from oppression or violence who do not have citizenship rights in their countries of asylum and who need some form of international assistance. These refugees are located as follows: in Europe there are 170,000 World War II and postwar anti-Communist refugees and escapees from the Iron Curtain countries and Yugoslavia, and 3,000 Jewish refugees who have fled from the United Arab Republic. There are 250,000 Algerian refugees, mostly women and children, who have fled the fighting in Algeria and are now in Tunisia and Morocco. An estimated 1,000,000 anti-Communist Chinese refugees from the China mainland are in Hong Kong and 50,000 more in Macau. Seven thousand European refugees still in mainland China are gradually departing through Hong Kong for resettlement in Australia and Brazil. India has given haven to more than 20,000 Tibetan refugees from Communist aggression in their homeland. Mention should be made of a special category of refugees numbering over 1,000,000. These are the Palestine refugees presently located in Jordan, Lebanon, Syria and the Gaza Strip. While they have been recipients over the

years

years of very substantial aid from the United States--which aid will probably have to continue at approximately the same level--their future rests on political settlement between Israel and the Arab host governments. The totals which I have given exclude approximately 12,000,000 German refugees in the Federal Republic of Germany, 8,000,000 Hindu and Sikh refugees in India, and 6,500,000 refugees in Pakistan because these refugees have citizenship rights and are being assisted to greater or lesser extent by their governments.

The United States has vital interests in the free world handling of these refugees. In addition to maintaining moral leadership, the United States has an interest in the political, psychological, intelligence and economic aspects of refugee problems. The United States has expended over a billion dollars in appropriated funds since World War II toward resolving refugee problems throughout the world, and has accepted approximately 750,000 refugees as permanent immigrants to the United States. (Extensive United States action following the Hungarian revolt of 1956 was a conspicuous example of United States leadership in this area.) The refugee problem in Europe has been greatly reduced through international assistance, principally from

the United

the United States, and as a result, the remaining problem in Western Europe is relatively small consisting of approximately 170,000 refugees. As the backlog is further resolved, the entire emphasis, in the future, will be on the new arrivals of whom there are approximately 5,000 a year.

These 1,500,000 refugees--although their problems differ as between areas--generally present controversial political and economic problems. Assistance in relieving these problems has been in the foreign policy interests of the United States. Through aid to refugee rehabilitation, the United States seeks to further the over-all political and economic stability of the countries in which the refugees reside, to demonstrate to oppressed and captive peoples everywhere the reality of United States opposition to totalitarianism, and to promote United States efforts to secure further information concerning Communist countries. In pursuing these objectives, the United States recognizes two possible solutions: resettlement abroad and local integration within asylum countries. Both of these solutions have been and are being used in Europe and Asia. The concept of involuntary repatriation is rejected in United States policy. However, neither of these solutions is presently feasible for the Algerian refugees, comprising a total of 250,000 persons. These refugees only receive care and maintenance assistance. The final solution can only be resolved within the context

of an

of an over-all settlement of the basic political issues in the area concerned.

World Refugee Year was created by the United Nations General Assembly through adoption on December 5, 1958 of a resolution submitted by the United Kingdom, cosponsored by the United States, and opposed by the Soviet bloc nations. The aims of World Refugee Year are to focus increased interest upon the world refugee problems, to encourage additional financial contributions from both public and private sources and to encourage the provision of additional opportunities for permanent solutions. It is not envisaged that the concerted international effort mobilized during World Refugee Year will enable the final solution of all world refugee problems, but World Refugee Year resources will make possible progress toward this ultimate end, particularly in Europe. Generally speaking, participating countries are developing joint public-private efforts through national committees working in cooperation with government bodies. In the United States, the President's Proclamation of May 19, 1958 establishing World Refugee Year called for joint cooperation between the United States Committee for Refugees, private welfare agencies and the Government, and the United States Committee was asked to be the coordinating agency in the private field. Sixty nine

governments

governments have announced plans for their participation in World Refugee Year, and thirty five of them have already developed specific programs and contributions.

The Administration responded quickly to the United Nations Resolution and announced a $4 million United States Government contribution to World Refugee Year. $3.5 million has already been allocated from Mutual Security contingency funds within the authorized ceiling of $10 million for such purpose contained in the Act. This pledge is over and above regular United States contributions for refugees through existing programs, totalling over $40 million annually. The Administration has also urged the Congress to pass legislation to permit additional refugees to immigrate into the United States, and it is hoped that the Congress will see fit to do so during this session.

Two significant problems might confront the Administration within the next few months in connection with the Government's participation in World Refugee Year. The first of these relates to the permissive authorization contained in the Mutual Security Act for the expenditure of up to $10 million in behalf of World Refugee Year purposes. It is not generally understood by the public that the Mutual Security Act failed to provide a specific appropriation for this purpose, but rather

requires

requires that any such funds expended be taken from the over-all funds appropriated for the implementation of the Act. In actual practice this means that such funds would have to come out of the contingency fund. The Congress reduced the Administration's request for the contingency fund from $200 million to $155 million, and the latter are already heavily subscribed by priority requests from other programs. Nevertheless, voluntary agencies and circles concerned with refugees will without doubt continue to regard the permissive authorization of $10 million for refugee purposes as a mandate to spend that amount of money for refugees during World Refugee Year. It is anticipated that increasing pressures will be exerted on the Administration from these sources to allocate all or most of the $10 million authorized.

The second major problem relates to the fact that, at the present time, the United States has no special legislation to permit refugee immigration into the United States. One basic motivation of World Refugee Year is directed toward finding permanent solutions and these require extensive participation by immigration countries in the provision of additional resettlement opportunities within their borders. Many nations, including Canada, Australia, Brazil, Norway, Sweden,

United

United Kingdom and Belgium, have already authorized special refugee immigration programs for World Refugee Year. As I mentioned before, the President has already urged the Congress to adopt legislation enabling additional refugee immigrants to enter the United States. The Congress failed to act in this regard during its last session. Should the Congress similarly fail to pass such legislation during its current session, it is believed that this would constitute a serious blow to United States leadership and prestige in furthering the purposes of the Year. It may be anticipated that private voluntary agencies and citizens will increasingly press the Government for more positive action in this field.

February 11, 1960

STATEMENT TO THE CABINET

by

FRANCIS B. SAYRE, JR.,

CHAIRMAN OF THE UNITED STATES COMMITTEE FOR REFUGEES

Mr. President, and members of the Cabinet:

First may I thank you in behalf of the U.S. Committee for Refugees for this opportunity of joining in your discussion of one of the poignant by-products of the anxious world in which we live. I am grateful to Secretary Herter for suggesting that the concern of a citizens' group be included in your consideration of the world's refugee problem, and the relation of the American people to it.

I need add nothing to Mr. McCollum's description of the dimension of the problem. As he pointed out, it is a widespread condition of human misery. It is one that affects us both as it touches the sympathies of a people whose instinct is to share the blessing of the free life with others, and as it threatens to breed that kind of disillusioned bitterness which can so easily undermine the freedoms, economic and political, of our friends. In a divided world, the refugees have had the courage to cast their hopes upon us. We will not, and we dare not, fail them.

Across the years, the United States Government, acting in these interests, has made an enormous contribution toward alleviating the continuing refugee situation. At the same time private groups of American citizens have provided parallel and, roughly, equal assistance, operating through agencies established by religious-, secular-, and national-interest groups. It was primarily for the sake of mutual strength between the Government and these private bodies that the U.S. Committee for Refugees was set up more than a year ago at a conference in the State Department. The Committee's mission is to serve in an advisory capacity to the Government, to help coordinate the policy of private groups, and to keep the American people informed of the world-wide refugee problems.

As to the last of these aims, the World Refugee Year has given intensive impetus to the public's general awareness. Documentaries over television, numerous features in national magazines, and a torrent of newspaper coverage, have enlarged a general interest in the situation. Our Committee has prepared study guides for use in schools. It has distributed information from the U.N. World Refugee Year Office and other sources. And, with the cooperation of the Advertising Council, it has put up posters from coast to coast. 62 major organizations have co-sponsored and are distributing our "Guide for Community Action."

The result of so much stirring has been, for one thing, the formation of 41 local organizations in as many major centers of the country. Many of these affiliates of our national Committee are adopting specific goals for their communities. San Francisco, for example, is raising $30,000 and Pittsburgh, $25,000. In addition to such efforts, more than 100 established national organizations have announced plans to support World Refugee Year in various ways. Among these are all the major churches, both Jewish and Christian; Labor groups; and the General Federation of Women's Clubs.

No one can yet say what the sum of so much interest and special financial contribution will total in the course of the Refugee Year and in the years to come. Perhaps we'll never be able to count it up, for Americans are not given to single monolithic efforts, but rather to individualistic approaches that are the accountants' despair.

But when it comes to the regular agencies, one can be more specific. All the major ones are represented on the U.S. Committee for Refugees: National Catholic Relief Services, Church World Service, United HIAS, the American National Red Cross, CARE, the Tolstoy Foundation, the National Lutheran Council, the International Rescue Committee, and others. Over the period of the last 15 years, thirteen of our private agencies have expended an average of $30,000,000 a year in assisting refugees. Comparing this to Mr. McCollum's figure of $40 million expended by the Government, you may realize that the private sector of our nation is now more than matching the tax dollars spent in this field. It is an impressive accomplishment when you consider that every penny of the private sums expended is freely given by Americans who care.

The United Nations called upon its members to go an extra mile in the course of this special period. This the private agencies have undertaken to do. Already, at this moment, additional commitments on the part of six agencies total $4,000,000, over and above their normal spending. It is our expectation that the Spring appeal will enable the thirteen agencies together to achieve their announced collective goal of $65,000,000 for refugees this year.

Just before Christmas a child in Ashland, Kentucky, wrote to the New York office of our Committee:

> Dear Sir:
>
> I would like to know where to give money for the poor Algerian Refugees.... I have saved up about $8.00 and I would like to give this so maybe they might have a home to live in during Christmas. I am sure they would like to recognize the birth of Christ as much as we do.
>
> Sincerely yours,
>
> Jim Elam
>
> P.S. If you send me the address where the money can be sent I will try to give them as much as I can get. Thank you for helping me recognize there were such people that had no homes, no good food, no parents, no money, and no country to live in.

In a very real way this child reflected the wish of our countrymen that we should not fail to fulfill our generous impulse when this nation co-sponsored

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the World Refugee Year at the U.N. It would be hard to find another segment of our foreign policy which can boast such public support as that directed to the refugee program. That the Congress was accurately reflecting the sentiment of our citizens when it authorized an expenditure of $10 million from the Mutual Security Fund, is attested by the fact that our people are giving more than that amount out of their non-Governmental pockets. Isn't it a rare tax dollar that can find its twin in people's hearts?

Finally I would allude to the second of the two problems which my colleague of the State Department said confront us today. It is an unfortunate, even ironic, fact that just as the World Refugee Year came along, United States legislation on refugee immigration expired. Splendid as has been our record as a nation of asylum and hope for 750,000 refugees since World War II, our position just now is embarrassing. At a moment when other countries are making concerted and sacrificial efforts to provide a haven for what Congressman Judd called these "votes for the West," our doors are largely closed, save for some minor provision made by the last session of the Congress for family reunions, and for orphans.

An already considerable spate of resolutions from churches, labor groups, and community organizations warns that many are aware of the current failure of the United States to participate in the settlement of refugees in a measure consistent with the size and resources of its own population, and in step with the international efforts undertaken by other nations. Furthermore our people are insisting that our policy on refugee immigration should not be a one-shot affair, nor should it be discriminatory in favor of any race or nation.

If, as someone put it, this is "the age of the homeless man," then our concern for an almost universal human problem must be world-wide, and our response, quick and constant. Nothing less than that is expected of us either by our own people or the other peoples of the world.

February 19, 1960

CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only

SUGGESTED PRESS RELEASE
FOLLOWING THE CABINET MEETING

The President and the Cabinet heard a report today on the World Refugee Year.

The presentation was given by the Secretary of State, assisted by the Very Reverend Francis B. Sayre, Jr., of the Washington Cathedral, in his capacity as Chairman of the United States Committee for Refugees.

Following the meeting, the President expressed his continued concern for the refugees and his hope that Congress will enact, in the humanitarian spirit of the Year, the legislation that he had previously requested.

Last May, a White House meeting on refugees was held and the President proclaimed the official participation of the United States in World Refugee Year. Sixty-nine governments have now joined this United Nations sponsored movement to seek permanent solutions to the refugee problems.

All over the world, fund raising drives are being held, legislation is being enacted, and governments are making special contributions. Seventeen Asian countries, five states in Africa, and many nations which had not been previously concerned with the problem, are concentrating, during the World Refugee Year, on the two-and-one half million refugees who are dependent upon international assistance. These include such refugees as those in Western Europe, the Chinese refugees in Hong Kong, and the Palestine refugees.

Library

CABINET PAPER

For Consideration

SUGGESTED PRESS RELEASE
FOLLOWING THE CABINET MEETING

The President and the Cabinet heard a report today on the World Refugee Year.

The presentation was given by the Under Secretary of State, assisted by the Very Reverend Francis B. Sayre, Jr., of the Washington Cathedral, in his capacity as Chairman of the United States Committee for Refugees.

Following the meeting, the President expressed his continuing and great concern for the refugees and his earnest hope that Congress will enact at this session in the humanitarian spirit of the Year, legislation that he has requested. This legislation would authorize the admission of refugees into the United States without discrimination as to race, color or creed. The President's recommendation, if promptly enacted into law, would demonstrate continued United States interest in and concern for the thousands of homeless refugees who need and deserve assistance in establishing new, productive and free lives.

Last May, a White House meeting on refugees was held and the President proclaimed the official participation of the United States in World Refugee Year. Sixty-nine governments have now joined this United Nations sponsored movement to seek permanent solutions to the refugee problems.

All over the world, fund raising drives are being held, legislation is being enacted, and governments are making special contributions.

Seventeen Asian countries, five states in Africa, and many nations which had not been previously concerned with the problem, are concentrating, during the World Refugee Year, on the two-and-one half million refugees who are dependent upon international assistance. These include such refugees as those in Western Europe, the Chinese refugees in Hong Kong, the Palestine Refugees and Algerian refugees.

3/11/60

CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only

CI - 60-67

February 16, 1960

The White House

Washington

THE CABINET

Refugee Problems and the World Refugee Year

For information of members of the Cabinet, attached is a paper submitted by the Secretary of State.

This paper describes the seven major areas of the world currently characterized by refugee problems. It describes the U. S. interest in these problems and the participation the United States has given toward alleviating them. The paper sets forth the international and the U. S. part in World Refugee Year - a period proclaimed by the U. N. General Assembly and by Presidential Proclamation.

This paper is circulated as background for the presentations on this subject to be made at the coming Cabinet meeting by the Secretary of State.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Information

CABINET PAPER—PRIVILEGED CI - 60-67

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February 16, 1960

The White House

Washington

THE CABINET

Refugee Problems and the World Refugee Year

I. CURRENT PROBLEMS

According to the most reliable estimates there are approximately 1,500,000 unassimilated refugees in the world who do not have rights equal to those of the citizens of the country in which they have found asylum, and who may be considered to need some form of international assistance ranging from legal protection to resettlement. They are grouped as follows:

A. Europe

1. Soviet Orbit Refugees Estimated Persons - 170,000

In Europe there are in free countries of asylum an estimated 170,000 World War II and postwar anti-Communist refugees from the Iron Curtain countries and Yugoslavia. These refugees constitute a free world political, psychological and humanitarian problem. This figure includes 27,000 recent escapees who are being re-established, chiefly through overseas resettlement, by the United States Escapee Program (USEP). The remaining older refugees are being re-established, mostly through local integration, under the auspices of the United Nations High Commissioner for Refugees (UNHCR) with the assistance of the local governments. Substantial reduction of this latter problem will require intensified measures of assistance by agencies dealing with it, including the private voluntary agencies.

B. Africa

1. Algerian Refugees Estimated Persons - 200,000 - 250,000

The UNHCR has estimated for budget purposes that there are 200,000 Algerian refugees in Tunisia and Morocco, but may revise his figure higher in light of reliable reports that the figure may reach 250,000. These refugees are mostly women and children who have fled the fighting in Algeria, and three-fifths of them are located in Tunisia. The aid they have received from the UNHCR, the League of Red Cross Societies, and the United States surplus food programs barely equals the minimum necessary to sustain life. As in the case of the Palestine refugees the final solution of this problem can only be worked out within the context of a basic over-all political solution in the area concerned.

C. Far East

1. Chinese Refugees in Hong Kong Area Estimated Persons - 1,050,000

An estimated one million anti-Communist Chinese refugees who have fled the China mainland are now in Hong Kong and an additional 50,000 are in Macau. Many of these refugees are living in conditions of abject misery and squalor despite an extensive Hong Kong Government housing program. A helpful measure of United States aid is furnished through USEP, the voluntary agencies and the surplus commodity program. Assistance in local integration is needed for these refugees, for whom there is very limited opportunity for overseas resettlement.

2. European Refugees in Communist China Estimated Persons - 7,000

These refugees, remnants and descendants of a group which fled Russia at the time of the Bolshevik Revolution, are currently being resettled through Hong Kong to the free world by the UNHCR and the Intergovernmental Committee for European Migration (ICEM) at an average rate of about 2,000 per year. Gradually permitted to depart China by the Chinese Communists, their only other alternatives are forcible repatriation to the USSR or slow starvation within China. Because of recent developments which threaten their situation in China, continued emphasis must be placed upon this program if the remaining 7,000 are all to be safely rescued.

3. Tibetan Refugees in India Estimated Persons - 20,000

The Tibetan refugees are fugitives from Chinese Communist oppression in their homeland. Although the Indian Government has made no appeal for international assistance, it has accepted private voluntary agency aid. However, recently it has informally indicated a desire for external assistance in rehabilitating these refugees within India, and the United States has approved the expenditure of $100,000 for this purpose.

D. Near East

1. Refugees from Egypt Estimated Persons - 3,000

Of the estimated 30,000, mostly Jews, who have fled Egypt to several European countries since the Suez disturbance in 1956 about one-half have required and received aid principally from American and international Jewish welfare agencies. Of this group, something over 3,000 still require international assistance toward their resettlement, which the UNHCR is seeking to develop.

E. Palestine Arab Refugees

The estimated 1,000,000 Palestine refugees constitute a special problem. Representing the core of the Middle East tension over Israel, these refugees are grouped in Lebanon, Syria, Jordan and the Gaza Strip. In the light of the political conflict in the Middle East, neither their repatriation to Israel nor their local rehabilitation in Arab countries has been permitted by the respective governments concerned. They receive care and maintenance assistance from the United Nations Relief and Works Agency (UNRWA). Inasmuch as the United States is already contributing 70 percent of the total support of UNRWA, there is no foreseeable likelihood for increasing contributions to this program during World Refugee Year. If in the unlikely event the budgetary requirements of the Agency were to be met and the funds were to be available, the United States, as already indicated, would be willing to concert with other international contributors toward vocational training projects which might possibly have a positive influence upon the eventual resolution of the Palestine Arab refugee problem.

F. Excluded

The above total of 1,500,000 (plus the 1,000,000 Palestine Arab Refugees) excludes approximately 12 million German refugees in the Federal Republic of Germany, 8 million Hindu and Sikh refugees in India, 6-1/2 million refugees in Pakistan, 900,000 North Viet Nam refugees in South Viet Nam and 1,000,000 North Korean refugees in South Korea because all of these refugees are full citizens in their countries of present residence and are being assisted in their rehabilitation by their governments. Many of these are already successfully integrated in local economies.

II. UNITED STATES INTERESTS IN REFUGEE PROBLEMS

The United States has vital interests in the free world handling of these refugees. In addition to maintaining moral leadership, the United States has an interest in the psychological, intelligence and economic aspects of refugee problems. The United States has for many years consistently taken the lead in promoting solutions for refugee problems. This country has expended nearly a billion dollars in appropriated funds since World War II towards resolving refugee problems throughout the world, and has accepted approximately 750,000 refugees as permanent immigrants into the United States. (Extensive United States action following the Hungarian Revolt of 1956 was a conspicuous example of United States leadership in this area). The United States has taken the initiative in the creation of international organizations dealing with refugee problems, and in the passage in the United Nations of resolutions concerning refugee policies and programs. The United States has also aided general migration from Europe, but it is contemplated that this will be reduced in accordance with current conditions.

Problems of unassimilated refugees present controversial political and economic problems which it has been in the foreign policy interest of the United States to relieve. These problems differ as between areas. It is a cardinal principle of United States foreign policy to demonstrate to oppressed and captive peoples everywhere the reality of United States opposition to totalitarianism, and this is strikingly accomplished through assisting in the rehabilitation of those who are fugitives from such areas. This objective is particularly important in relation to refugees from communism. It is a tangible means of promoting continued faith in the West on the part of the hundreds of millions of persons who are captives within Communist-dominated countries.

Moreover, the provision of external assistance to refugees within asylum countries is an important factor in assuring the preservation of a firm policy of asylum in behalf of those who may escape in the future. United States policy firmly rejects the concept of forcible repatriation, and looks toward solutions through voluntary repatriation, resettlement abroad or local integration.

The presence of indigent refugees in large numbers in asylum countries produces political and economic tensions within those countries. Through aid in refugee rehabilitation, the United States seeks to further the over-all stability of these countries. Finally the provision of refugee aid promotes United States efforts to secure further significant information concerning captive countries.

III. UNITED STATES PARTICIPATION IN SOLUTIONS

The United States participates extensively on a bilateral and international basis in meeting refugee problems throughout the world. In the early post-war period, the United States took the lead in the establishment of the International Refugee Organization (IRO) which resettled 1,050,000 anti-Communist refugees chiefly from Europe, and made direct contributions of about $237,000,000 in that effort. Similarly the United States has played a leading role in the establishment of the major international programs currently dealing with refugee problems: UNRWA, for the care of Palestinian Arab refugees; ICEM, for the resettlement of anti-Communist refugees from Europe and the Far East; and the UNHCR program, for protecting and re-establishing refugees within the UNHCR mandate. The United States has also been a major contributor to the UNHCR on behalf of Algerian refugees. The United States also funds and operates directly the USEP program providing supplementary assistance in the reception, care and maintenance and re-establishment of new escapees from the Communist bloc in Europe and the Far East.

The United States to date has contributed approximately $235 million to the UNRWA program, $34 million to ICEM for its refugee operations; $7 million to the UNHCR European Refugee program; $10 million in cash and in kind to the UNHCR program for Algerian refugees; $41 million for the operations of USEP; and $3.5 million through several programs for the World Refugee Year. In addition to the above, the United States expended $33 million in behalf of the post-revolt Hungarian refugees.

IV. INTERNATIONAL PARTICIPATION IN WORLD REFUGEE YEAR

The World Refugee Year was created by the United Nations General Assembly through adoption on December 5, 1958 of a resolution submitted by the United Kingdom, co-sponsored by the United States and opposed by most of the Soviet bloc nations. The World Refugee Year aims to focus increased attention upon world refugee problems, to encourage additional financial contributions from both public and private sources and to encourage the provision of additional re-establishment opportunities for refugees. It is envisaged that the concerted international effort mobilized during World Refugee Year will enable major progress toward the solution of world refugee problems. Generally speaking, participating countries are developing joint public-private efforts through national committees working in cooperation with government bodies. Sixty-nine governments have so far announced plans for their participation in World Refugee Year and 35 of them have already developed specific programs and contributions. In the United Kingdom, for example, Her Majesty the Queen is serving as

Patron of the World Refugee Year, while the Prime Minister and the leaders of the Labor and Liberal Parties have accepted roles as Vice-Chairmen signalizing all party support. A World Refugee Year Committee has been established, having an influential membership widely representative of British life. The Committee has made significant programs towards raising its announced goal of 2 million pounds of which the United Kingdom Government has already contributed 200,000 pounds. Other nations are carrying out major fund-raising campaigns, and some have authorized special immigration programs including those for handicapped refugees as a contribution toward World Refugee Year.

V. UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR

On May 19, 1958 the President issued a Proclamation establishing World Refugee Year and calling for joint cooperation between the United States Committee for Refugees, private welfare agencies, and the Government. The Committee is serving as the coordinating agency in the private field. It is developing, in close cooperation with the voluntary agencies, a nation-wide effort designed to increase the awareness of the American public concerning refugee problems and their significance, and to develop additional funds for the solution of refugee problems. The Committee has an extensive membership of civic leaders including representatives from business, labor and the voluntary welfare agencies.

The Administration has pledged $4 million as a United States Government contribution to World Refugee Year, and has already allocated $3.5 million from Mutual Security funds. This pledge is over and above regular contributions for refugees through existing programs, totalling over $40 million annually. The Administration has also urged the Congress to pass legislation to permit additional refugees to immigrate into the United States, and it is hoped that the Congress will see fit to do so during this session.

CABINET PAPER—PRIVILEGED

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CI - 60-68

February 16, 1960

The White House

Washington

THE CABINET

The Commission on National Goals

For information of members of the Cabinet and their respective staffs, attached is a copy of the President's recent letter to Chairman Henry Wriston of the Commission on National Goals, plus the attachment which the President sent.

The attachment sets forth in general terms the President's reasons for establishing the Commission.

The attached paper, a White House Press Release of February 5, 1960, is of course not privileged; it is circulated as background for the discussion scheduled at the coming Cabinet meeting.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Information

FOR RELEASE IN SUNDAY PAPERS February 7, 1960

Anne Wheaton, Associate Press Secretary to the President

THE WHITE HOUSE

IN ANNOUNCING THE MEMBERSHIP OF THE COMMISSION ON NATIONAL GOALS THE WHITE HOUSE TODAY MADE PUBLIC THE TEXT OF THE FOLLOWING LETTER FROM THE PRESIDENT TO THE CHAIRMAN, DR. HENRY WRISTON

February 5, 1960

Dear Henry:

I am glad to learn that you have agreed to accept the Chairmanship of the Commission on National Goals, and that this study will be carried forward through the American Assembly. As I have indicated in our conversations, I am hopeful that the panel will develop a broad outline of coordinated national policies and programs for the next decade and longer, and that it will, in the process, set up a series of goals in various areas of national activity.

While I would hope that your report could be completed before my term of office is ended, I am far more concerned about the breadth and depth of the study than in the exact timing of its completion. I am appending hereto a brief memorandum outlining in general terms some of my reasons for requesting you to participate in this inquiry.

I should like to emphasize my desire that the inquiry be conducted free of any direct connection with me or other portions of the Federal government. However, all Federal agencies will cooperate with you in any way you may desire, as will my staff.

With many thanks for your willingness to undertake this important assignment,

Sincerely,

DWIGHT D. EISENHOWER

Dr. Henry Wriston
The American Assembly
Graduate School of Business
Columbia University
New York 27, New York

more

MEMORANDUM CONCERNING THE COMMISSION ON NATIONAL GOALS

The President's hopes for the Commission were stated in his State of the Union message in January, 1959, as follows:

> "We can successfully sustain security and remain true to our heritage of freedom if we clearly visualize the tasks ahead and set out to perform them with resolution and vigor. We must first define these tasks and then understand what we must do to accomplish them.
>
> "If progress is to be steady we must have long-term guides extending far ahead, certainly five, possibly even ten years. . . They must be goals that stand high, and so inspire every citizen to climb always toward mounting levels of moral, intellectual and material strength. . . "

The genesis of the study is rooted in our tradition and our history. Ours is a land carved out of a hostile wilderness, populated by people filled with a spirit of freedom and adventure, made strong by sheer perseverance, and dominated always by strong moral and religious beliefs. It was logical that for several generations we devoted all our energies to growing -- developing our vast lands and resources, building a way of life. But the industrial revolution which we helped nurture has now reached a stage that makes it impossible for us to live in isolation.

We are now the strongest nation on the earth. This fact brings with it the realization that with power comes responsibility. We have found ourselves in a position in which the entire Free World looks to us for leadership and help, in the first instance against an aggressive Communist conspiracy, supported by rapidly growing economic and military strength, but more broadly in the worldwide struggle for realization of decent conditions of life.

But behind these problems of our external relationships, lie the more basic issues of realizing our own ideals for the development of American society. Unless we can press forward toward these goals, in an era of vast technological change and development, we shall not be able to fulfill our world role or, most basically of all, be true to ourselves and to the ideals on which this nation is based.

The Commission on National Goals is being asked to identify the great issues of our generation and describe our objectives in these various areas. To do so will be to give us the basis for coordinated policies in both the domestic and international areas.

One American aspiration is to develop a world in which all peoples will be living at peace under cooperative policies with maximum standards of living and opportunity for all. But more specifically, the Commission undoubtedly will want to consider how within a framework of free decision-making our economy can best be developed to meet the Communist challenge and simultaneously progress toward established goals. The Commission will

more

also want to consider how our educational and other social institutions can best be shaped to develop mind and spirit; how individual well-being, health, and initiative can be nurtured without undesirable centralization of authority and responsibility; and how the various levels of our government can best contribute to the nation's welfare.

Since a universal understanding of basic issues and goals is, in a free government, necessary to its own perpetuation, one of the greatest accomplishments of the Commission could well be the outline of effective methods for producing this understanding.

The Commission has the opportunity to sound a call for greatness to a resolute people, in the best tradition of our Founding Fathers. It is no wonder that a nation so recently thrust into a position of world leadership is sometimes bewildered by its new role. That we have emerged so rapidly and accepted so readily our position of leadership is but another proof of our resilience. Now we must cast our eyes ahead toward the future. Some obstacles along this path will be frightening. Many decisions we must make are not easy. But through the haze of indecision one sees the strong and vibrant image of a future America -- where modern-day pioneers, with deep religious conviction, develop the richness of a free society, where the dignity of each and every individual is recognized, and his ability to enjoy life is enhanced.

- - -

The following is the membership of the Commission:

Henry Wriston - Chairman
President, American Assembly, Graduate School of Business, Columbia U.

Frank Pace - Vice Chairman
Chairman of the Bd., General Dynamics Co., Inc.

James Killian
President of the Corporation, Massachusetts Institute of Technology

Alfred Gruenther
President, American National Red Cross

Clark Kerr
President, University of California

Learned Hand
Retired United States Circuit Judge for the 2nd Circuit, New York

Erwin Canham
Editor-in-Chief, Christian Science Monitor
President, United States Chamber of Commerce

Colgate Darden
Former President of the University of Virginia
Former Governor of Virginia

James Conant
Former President of Harvard
Former Ambassador to the Federal Republic of Germany

George Meany
President, AFL-CIO

Crawford Greenewalt
President, E.I. DuPont de Nemours and Co., Inc.

# # #

OCB 1/27/60 Meeting

Agenda Item 4 - Approval of Minutes of the OCB Meeting of January 20, 1960

Approved the Second Draft dated January 26, 1960, of the minutes of the OCB meeting of January 20, 1960, after amending Agenda Item 2, Report on Greece, adding a new subparagraph (c):

> "(c) Noted the comments of the Director, U.S. Information Agency, to the effect that the U.S., through NATO, when reviewing force goals for Greece and Turkey, should take into account Soviet and satellite actions in support of their public statements relating to military force reductions."

and relettering the present (c) as subparagraph (d). Also amended Agenda Item 5, "Other Business," b. Reconnaissance Satellites, by deleting the word "official" in the second line.

Agenda Item 5 - Other Business

a. **Clearance for Official Speeches**

Agreed that the Chairman should consider suggesting to the President a Presidential reaffirmation at a Cabinet meeting of the procedure calling for State Department clearance of all official statements and speeches with foreign policy implications.

Bromley Smith

Bromley Smith
Executive Officer

CABINET PAPER—PRIVILEGED

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March 24, 1960

The White House

Washington

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THE CABINET

Agenda

9:00 A.M., Friday, March 25, 1960

1.	Recommendations From the President's Committee on Government Employment Policy	CP - 60-107	Chairman Archibald Carey (See Tab 1)
2.	The Survival Item Program: Medical Supplies	CP - 60-106 (Revised)	Governor Hoegh Deputy Surgeon General Porterfield (See Tab 2)
3.	Measures to Interdict Illegal Flights Over Cuba	CI - 60-69	Administrator Quesada (See Tab 3)
4.	The Need for Expediting Agency Reports on Legislation	(Oral)	Director Stans
5.	Domestic Economic Report	(Oral)	Acting Secretary of Commerce Ray Chairman Saulnier

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By GHC NLE, Date 8-12-76

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MINUTES OF CABINET MEETING

March 25, 1960

9:00 a.m. -- 10:50 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Sec. Herter
Sec. Anderson
Mr. James Douglas
for Sec. Gates
AG Rogers
Mr. John McKibben
for PMG Summerfield
Sec. Seaton
Sec. Benson
Mr. Philip Ray
for Sec. Mueller
Sec. Mitchell
Sec. Flemming (in part)

Amb. Lodge
Gov. Hoegh
Mr. Stans, BoB
Dr. Saulnier, CEA

Gen. Quesada, FAA (in part)
Mr. Roger Jones, CSC
Mr. Archibald Carey
Mr. W. Arthur McCoy, President's
Cmte. on Govmt. Employment Policy
Dr. Ross Clinchy

Dr. Carruth J. Wagner, Public
Health Service
Mr. Arnold H. Dodge
Dr. John Porterfield

Gen. Persons
Mr. Robert Gray
Maj. Eisenhower
Mr. Gordon Gray
Gen. Goodpaster
Mr. Hagerty
Mr. Harr
Mr. Kendall
Dr. Kistiakowsky
Mr. Lyons
Mr. Paarlberg
Mr. Wallis
Mr. Morrow
Mr. Patterson
Mr. Minnich

Committee on Government Employment Policy (CP 60-107) - Mr. Archibald Carey gave the background of the creation of this Committee, the first in its field to report directly to the President, as established by Presidential Executive Order 10590. He then outlined the work of the Committee, emphasizing the steps taken by Departments and Agencies to prevent cases of discrimination from developing and to handle them short of referral to the Committee, if at all possible. He noted that while most of the cases concerned Negroes, Jewish and Latin American people, some eighteen other categories exist. He noted the preventive work of the Committee carried on through reports and memoranda circulated to the Agencies.

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Mr. Carey set forth by way of conclusions his feeling that measurable progress is being made in relieving discrimination, that Federal employment does provide many opportunities for minority groups, that the general climate of opinion and behavior in a particular locality can be detrimental to the antidiscrimination program, and that the greatest problem lies in the areas of the lowest and the highest grades of Federal employment.

Mr. Carey then set forth the Committee's recommendations (see Cabinet paper for details), emphasizing the things that Cabinet officers might themselves do to reflect the importance of this effort and to insure the greatest possible success of Agency programs.

The President inquired whether this report was available in printed form, and Mr. Carey said that it could be made available. The President also inquired about what the Committee itself was doing toward publicizing its work beyond the immediate Government area in which it was active. Mr. Carey replied in terms of publicity given to the various regional meetings sponsored by the Committee, but noted that the amount of publicity received varies considerably from place to place. Surprisingly, in Mobile a conference was reported extensively, whereas a Miami conference was barely mentioned. The President commended Mr. Carey for having made one of the most succinct and worthwhile presentations he had ever heard.

Amb. Lodge called attention to the importance of this activity in the eyes of the delegates of the new nations entering the United Nations. He believed the matter to be of great moment to our foreign relations.

Mr. Carey inquired as to approval of the recommendations. The President said that he approved in substance, but that he would want to review the specifics before giving final approval.

Survival Item Program (CP 60-106) - Mr. Hoegh recounted previous Cabinet attention to this subject and noted the year-long study just made by HEW. Dr. Flemming then called on Dr. Porterfield, Deputy Surgeon General, to make the presentation.

Dr. Porterfield, with the aid of a number of slides showing charts, set forth the situation that might be expected as regards medical supplies in the event of nuclear attack. He outlined also the current status of the medical supply stockpile and of prepositioned emergency hospitals. On the basis of the most recent study and taking into account the potential destruction from nuclear attack, he concluded that there was a need for stockpiling additional medical supplies and 7,500 additional hospital units, each of 200 beds. The entire cost would be nearly 3/4 of a billion dollars. He stated the recommendation that the stockpile procurement program for FY 1961 be increased by $119 million for medical supplies, and $5,000,000 for 200 hospital units.

Gov. Hoegh asked that this presentation be regarded as a working objective for eliminating the stockpile deficit over a period of time,

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and that specific steps be taken after further study of ways of reducing requirements through protection of medical supplies in normal commercial channels, increasing the amount of medical supplies in the hands of individual families, and other similar things. He believed that a definite beginning on a 10-year program should be made in FY '62. Mr. Stans agreed that these various possibilities should be reviewed and added that the attack assumptions on which the study was based should also be reviewed. He made clear, however, that the Bureau has no objection to the basic premise that the stockpile needs to be increased.

The President stated his feeling that a clear-cut need existed and that a prompt beginning should be made, especially since there was no possibility that the alternative measures would completely eliminate the need for an increased stockpile.

There was brief discussion by the President, Sec. Benson, and Gov. Hoegh about means of protecting the stockpiles and their durability while in storage. Gov. Hoegh pointed out that the stockpile supplies and hospitals have a 25-year durability in storage, although some things like generators have been borrowed for civil emergencies, such as the New York City power failure last year.

The President ascertained that no special filters were needed for supplying air to home shelters.

Cuba Overflights (CI 60-69) - Mr. Quesada reported on the measures taken since the last Cabinet discussion of this subject when he was asked to coordinate Federal activities to prevent these overflights. He stated that an information clearing point had been established in Miami, under the Bureau of Immigration, and that arrangements had been made with all who lease light planes to report activities other than those with regular customers. In addition, light plane operators have been made thoroughly aware of the heavy penalties provided for violations of existing laws and regulations; also the Air Defense Identification Zone regulations are being sharply enforced.

There was brief discussion of the most recent incident and of the evidence suggesting that it may have been inspired by a well-known Castro supporter. Mr. Rogers hoped that in the light of such devious possibilities, State Department would not ever prematurely apologize for overflights. Mr. Herter assured him that State Department was being careful to await the establishment of pertinent facts.

It was noted also that the evidence in this latest incident is not yet sufficiently clear to determine what might best be done in the interests of the United States.

Expediting Agency Reports on Legislation - Mr. Stans referred to a circular letter sent to the Departments and Agencies on Thursday with regard to the need for expediting reports on legislation for the benefit of Congressional committees. He indicated that this had resulted from a request from Rep. John McCormack.

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Mr. Stans noted the tremendous number of requests for positions that come from the Congress every year. He commented that Department and Agency heads should realize that the expediting of replies must, because of this volume, be accomplished on a selective basis. Obviously, some issues would definitely require extensive study and others would be unimportant, but the remainder could well be expedited.

National Economy - Under Secretary Ray reported at length on the opinions voiced in meetings earlier this month between Commerce Department officials and nongovernmental experts from pertinent fields of activity. He went over a number of statistics and summarized that the outlook of all these people was one of confidence and that there were no excesses foreseen that might lead to an early reversal of present trends. He concluded that the prospect of a balanced Federal budget was a helpful factor in the situation, and led to expectations of a continued good growth of the economy.

Dr. Saulnier also commented at length, stating that the Commerce appraisal is in general conformity with the Council of Economic Advisers' outlook. He cautioned that the figures for March may well be less attractive than those for February, primarily as a result of the continued bad weather in many sections of the country. With the coming of spring there would be, he was sure, a definite pickup. Also the current increase in commitments for highway construction will produce cash outlays by mid-year and a sharp rise thereafter.

Dr. Saulnier commented finally on the easing of the money situation, which he regarded as a definite turn for the better. Sec. Anderson noted the various reasons being given for the money ease, and then cautioned against placing too much weight on the fluctuations of short term interest rates.

The President inquired about reports he had heard that Internal Revenue was tightening up on business expense accounts. Mr. Anderson said that certain information was being requested so that proper decisions could be made on that information, but that there was no intent to be punitive. The President then noted the relatively new trend among writers and publishers to spread royalties over a long period, thus creating large "holding funds" for the publishers to invest.

The Vice President took note of rumors that there will be an economic decline in July and August with the recovery being delayed until September and October, a timing which would be particularly adverse with regard to the fall election. He noted favorable factors like the highway construction commitments, then asked Deputy Secretary of Defense Douglas what the procurement situation among the military would be. Mr. Douglas said that there is always a slight slowup in procurement at the beginning of the new Fiscal Year, because plans must be delayed until final action by the Congress on appropriations. Mr. Stans thought that this might not be so important a factor this year if the Congress makes good on its effort to adjourn

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early.

The President was interested in the number of economists employed by one agency or another around Government when the Council of Economic Advisers is established to handle much of this activity. He asked that a report be made to him of the numbers of economists in each Department and Agency.

Sec. Benson recalled the Department's Outlook Conference of last November which pointed to some improvement in the farm situation. He then noted several developments such as the drop in hog breeding, the improved dairy situation, the expected reduced yield of major crops, particularly corn, all of which make the picture a little bit better than expected in November. He felt that the prices received by farmers would rise about 5 points, and that the parity index would go up somewhat in consequence.

The President commented that there had been a 16% growth in the population of the Nation since inauguration and that there ought to be a corresponding growth in consumption of agricultural products. Mr. Benson stated that this was so.

LAM
L. A. Minnich, Jr.

Copy to:
- ✓Mrs. Whitman (2)
- Mr. Gray
- Mr. Minnich

March 24, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, March 25

1. Report From the President's Committee on Government Employment Policy (Chairman Archibald Carey)

Pursuant to the assignment made at Cabinet on December 18, Mr. Arch Carey of Chicago, Chairman of the President's Committee, has prepared a Report to you and the Cabinet about the activities of his Committee. With the help of an advance Cabinet Paper, concurred in by Mr. Lyons and Roger Jones, Mr. Carey will make a few general recommendations to improve the effectiveness of the relationships between his Committee and the several Departments.

2. The Survival Item Program: Medical Supplies (Governor Hoegh and Deputy Surgeon General Porterfield)

In discussing stockpiling policy in April 1958, the Cabinet identified the problem of stockpiling medical supplies and equipment as a subject needing special study. At OCDM's request, Secretary Flemming and his staff have now made this study and it has been given thorough interdepartmental coordination.

Governor Hoegh, who has consulted with Defense and with the Bureau of the Budget, will introduce the Deputy Surgeon General who will present to you the results of the study and ask your approval of beginning to meet the deficiencies revealed by the study, although funds would not be requested until FY 1962.

3. Measures to Interdict Illegal Flights Over Cuba (General Quesada)

Acting on the assignment made to him from the Cabinet meeting of February 26, General Quesada has worked out with the agencies concerned a plan for marshalling all available facilities and channels of communication to prevent any illegal flights from U. S. soil to Cuba. He will make a brief report to Cabinet about the press release he has issued in Florida, stating the arrangements his group has made.

4. The Need for Expediting Agency Reports on Legislation (Director Stans)

This year, with Congress attempting to finish its work earlier, the need is particularly great for agencies to respond promptly to Committee requests for positions on pending legislation. This means correspondingly prompt clearance through Budget. Director Stans wishes to remind the Cabinet of the importance of expediting these clearances.

5. Domestic Economic Report (Chairman Saulnier and Acting Secretary of Commerce Ray)

The Business Advisory Council met last week and the meeting turned out to be an occasion for collecting valuable intelligence about the U.S. economy in the coming months from an excellently representative group of U.S. business leaders. Secretary Mueller has spoken about this to the Vice President and both are interested in having the Cabinet apprised of the highlights of the BAC's thinking. Since Secretary Mueller must be in Chicago at this time, he has asked Chairman Saulnier and Acting Secretary Ray to present this information.

Bob
Robert Gray

A REPORT TO THE PRESIDENT AND THE CABINET
ON THE WORK OF
THE PRESIDENT'S COMMITTEE ON GOVERNMENT EMPLOYMENT POLICY

MARCH 25, 1960

(This report was delivered orally
at a regular Cabinet meeting.)

Archibald J. Carey, Jr.
Chairman
Code 129, 4830
Or Dudley 6-4830

On January 18, 1955, the President provided stout support to the effort to develop the maximum of the nation's manpower potential when he issued Executive Order 10590. This Order reaffirmed the Government's non-discrimination policy, it forbade discrimination on the basis of race, color, religion and national origin in personnel matters of the Executive branch and it created the President's Committee on Government Employment Policy. The Order marks an advance in that this is the first Committee reporting directly to the President, created in this field to help put the Federal household in order. Further, it designated special officers of Government to combat discrimination and accelerate the development of this program. These are Employment Policy Officers and Deputy Employment Policy Officers, and with these persons, as well as with the heads of agencies, the Committee is in constant communication and counsel to effect the objectives of the Executive Order.

At this point, Mr. President, I owe it to the members of the Committee and the staff to report that their efforts have been conscientious and unremitting.

The activities of the Committee have taken three principal courses — CORRECTIVE, INFORMATIVE AND PERSUASIVE.

I.

In the matter of correction, the Committee hears cases and renders advisory opinions to the heads of the agencies. Under this Order, anyone discriminated against may make direct appeal to the President's Committee. However, the President has also wisely provided that the head of each agency is responsible for the non-discrimination policy within his own agency. One of the chief benefits flowing from this is the fact that, of the cases arising under this order, nearly 80% have been settled -- to the satisfaction of the complainant, within the agency.

When cases are not so resolved, they are heard by the full Committee. When the Committee has reached a conclusion (and I am pleased to report that most of our decisions are reached by unanimous vote), the Committee renders an advisory opinion, sometimes finding no discrimination and sometimes finding discrimination. How often? About 15%. Whenever the Committee has found discrimination, concrete suggestions have been proposed to rectify the error; but sometimes when the Committee has found no discrimination, it has yet seen fit to advise precautionary measures to prevent the possibility. Whenever the Committee has advised corrective action, there has been uniform compliance and cooperation on the part of the agencies in effecting the corrective measures which the Committee has advised.

Let me report here, parenthetically, that in one of our conferences our distinguished Vice-Chairman, Mr. Branch Rickey, was asked to what did he attribute the complete and cordial cooperation of the agencies in following the recommendations of the Committee, since we do not have the authority of directives. Mr. Rickey replied, "Perhaps it is because we bear the prestige of a White House Committee reporting directly to the President", and then he added, "or perhaps it is because of the consummate justice of the decisions which the Committee has taken." We like that kind of reputation whether we deserve it or not.

In arriving at its conclusions, the Committee endeavors to employ only the criteria of merit and fitness and the Committee disapproves of instituting quotas merely for the purpose of giving representation to diverse groups.

Todate, 906 cases have been handled under this program, 205 of them by the full Committee. With Federal employees numbering more than 2,300,000 this might suggest the gratifying conclusion that discrimination in Federal employment is not widespread. However, the members of the Committee are convinced that there are a number of legitimate complainants who are reluctant to institute cases, on the one hand because discrimination is not always easy to prove, and on the other, because they wish to avoid the tag of "troublemaker" and the possibility of reprisal. Now here is a significant fact. The complaints filed under this Order derive from 21 different categories of race, religion and national origin. To be sure, the bulk of our complaints came from Negro-Americans and the second largest from persons of the Jewish faith, and the third from Latin-Americans, but in addition to these there are 18 other categories of complaint including about a dozen white persons who complain that they were discriminated against because of their race.

The corrective activity has produced two significant benefits. First, 18% of the cases have resulted in direct, specific, corrective action. Second, many of the cases not warranting a finding of discrimination have, nevertheless, resulted in improved personnel practices which the members of the Committee feel have precluded other cases of unestimated number.

II.

In the matter of information, the Committee has prepared and circulated 17 different items. Three of these were periodic Reports to the President, which after receiving clearance from the White House, were released to the public. Fourteen of them were memoranda interpreting and emphasizing various phases of the program. These memoranda range from regulations and rules of procedure to carefully prepared treatises invoking the best knowledge gleaned from the most recent studies in intergroup relations. Some of these were calculated to give specific direction, such as our "Handbook for Employment Policy Officers". Others were intended to provide broad orientation, such as our brochure on "Human Relations in Federal Employment."

In addition to these, the Committee publishes quarterly an "Employment Policy News" which reports current activities and achievements in the field.

To know the facts, the Committee has undertaken a number of studies. Some of these were in specific grades, others were in selected cities, and still others have probed the resources of minority-group organizations throughout the country to determine the pattern of Federal employment in their local communities. One of these, for example, was a survey taken in five cities. The five cities were Washington, Chicago, Los Angeles, St. Louis and Mobile. They were chosen because — they are strategically located, each has large Federal establishments, each has large minority populations, and together, they add up to more than 17% of the total Federal civilian employment. A similar survey of equal scope, as of March 1960, which is now underway, will provide valuable comparisons for those employees above grade 4.

Any survey encounters one major difficulty and that is the fact that the Government does not keep records by race, religion or national origin, but our surveys have provided good, basic information.

The Committee is constantly alert for new sources of information to develop the picture of Federal employment patterns and it is equally concerned with disseminating such information as will promote the ends of this program.

III.

In the matter of persuasion the members of the Committee and the staff have engaged their fullest resources to win a sympathetic understanding of the purposes and objectives of the President's policy and Executive Order. Needless to say, the most effective instrument at our disposal is the prestige of the Presidential Order and the knowledge of the President's deep, personal concern. In addition, however, the Committee has invested much time in personal conferences in the effort to gain support for the program and its implementation.

Foremost among these is the series of Area Conferences which the Committee has held throughout the country. In these conferences the members of the Committee meet face-to-face with the heads of Federal agencies and personnel officials in their local communities. These three-hour sessions include lectures on the various phases of the program, visual aides, question and answer sessions, and the recorded voice of the President, himself, in compelling appeal to implement the policy "so that we may obtain the best persons available for our Government service, and sustain the example of democracy before the world."

Todate the Committee has held these area conferences in 33 of the principal cities of the United States, from Boston to Houston and from Seattle to Miami, with nearly 4,000 Government administrators, personnel officials and Deputy Employment Policy Officers.

The stimulating discussions and the comments from the participants bear clear witness to the fact that strong support has been added to this program at the level of the field establishments in day-to-day operations.

From all of these experiences, certain conclusions emerge. I shall state four of them, two good and two bad.

The Committee is prepared to support these findings, but time does not permit and I will not burden you with the evidence. I will simply state the conclusions.

1. The first, and most gratifying conclusion is that measurable progress is being made toward eliminating discrimination in Federal employment, although much remains to be done.

The Committee knows many facts concerning Negro-Americans and other minority groups moving into higher places in Government, all of which justify the faith that a new wind is blowing through the Federal structure. The Committee only regrets that it is not possible to detail here all of the advances being made and the activities being developed, and the persons whose initiative and dedication impelled them. Of course, none of this would have been possible without the active interest and participation of the heads of agencies, including members of this Cabinet who have shared the President's deep, personal concern in widening avenues of opportunity.

2. A second conclusion is that Federal employment leads private employment in providing job opportunities for minorities.

Of the two bad, the first is

That Federal employment is manifestly influenced by the climate of local tradition, and the second is

That a marked disparity develops between the minority group members in the lower classifications and those in the higher echelons.

However, vastly wider opportunities, increasingly, are opening to Americans of every identification in Federal employment and because of this example, as well as the outstanding work being done by the President's Committee on Government Contracts, opportunities are opening in private industry, too.

Gentlemen, the members of our Committee feel that the President has placed in our hands, we of the Committee and you who head the Departments of the government, a great matter. It is the matter of unearthing the resources and the treasure of one of our greatest national blessings -- our manpower. America is great because all kinds of people are here; America will be greater when every American is equipped and encouraged to make his contribution to the common welfare.

It was the Vice-President who judged that one of the great tragedies of India today is the frustration of her trained people who, because of the slow pace of India's technological development, find no jobs to engage their training. Surely it would be a tragedy of far greater proportions if those frustrations were repeated here in our own country, not by a lack of jobs but by practices which limit the opportunity of Americans, whether those practices are patent or subtle.

Secretary Mitchell has pointed out in his excellent presentation, "Manpower - The Challenge of the 1960's", that the fastest growth during the coming decade will occur in the professional and technical occupations and the greatest need will be for skilled craftsmen. Available to meet these needs, there will appear a host of trained and skilled members of the minority groups. It is only enlightened self-interest to provide that these skills shall not be torpedoed by the practices of discrimination or thrust imprisoned into the strictured channels defined by segregation, or even circumscribed by ancient traditions or a so-called way of life.

But more than that, as the members of the Cabinet know far better than I, it affects our posture in world affairs. By the appointment of the President, I have sat as a member of the United States Delegation beside Ambassador Lodge, when he was my Chief at the United Nations, and listened to spokesmen of other countries indict our own nation for the double standard which has existed here, on the basis of race, or religion, or national origin. And so we are confronted not only by the patriotic duty to develop the maximum of our national resources, but also to meet the challenge of the moral imperative to make our practices of democracy measure up to our professions.

Gentlemen, the members of the President's Committee on Government Employment Policy hold keenly our responsibility in this matter and now I respectfully urge that you help us to do the job which the President has entrusted to our hands. What can the members of the Cabinet do to accelerate this program? We respectfully urge the following:

1. Maintain a firm awareness of the presence and the extent of the practice of discrimination. While 85% of the complaints have come from Negro-Americans, 20 other categories have complained that they were discriminated against because of race, color, creed or national origin, and the diversity of this practice, unchecked, poses a positive threat to sound administration and to morale.

2. Publicize the Executive Order, the President's policy, the President's Committee and its communications and activities whenever feasible. The communications of the President's Committee are with the heads of agencies. Thus, our memoranda are directed to the members of the Cabinet. It is for these officials to receive and relay the information and material which we issue. Too often, we have found in an area conference highly placed personnel, below Cabinet level, who indicated they had not received information which we had sent to the head of the agency and which we had felt was most important to disseminate for the development of the program.

   No complaint was ever received that a member of the Cabinet discriminated; but many complaints have stated that one of your subordinates did.

   We know you are personally burdened with many responsibilities, but it would greatly facilitate the program to assure that those communications from our Committee would reach those who carry forward the daily operations of your agency.

3. Institute in-service training programs within your own departments. While the Committee constantly seeks for more effective ways of strengthening its own corrective and preventive functions, it is well aware that the development of a non-discrimination policy, in the final analysis, must rest on an effective educational program. This is not to say that education alone will accomplish the desired

end without implementation and even enforcement. But it will provide the broad base of understanding and it will enlist new energies in this effort. For this reason the Committee has spent considerable time seeking the proper format which can be inserted into the supervisory training activities of the agencies, and which will provide supervisors with some of the basic knowledge and skills that will enable them to deal effectively with problems of intergroup relations. We have developed a suggested format, which is being used successfully in some training programs. We respectfully urge the support and encouragement of the members of the Cabinet in making this a permanent part of the supervisory training programs of the Federal departments.

4. Make ever manifest your own deep concern. To be sure the Executive Order has provided for the Employment Policy Officer in each Department and a Deputy Employment Policy Officer in each subordinate establishment. While they are important in the development of this program, they are your subordinates and will undoubtedly reflect in direct proportion the degree of concern which they feel you hold in this matter. In area conferences we have even learned of field installations where no Deputy Employment Policy Officer has yet been designated. To inquire throughout your agency if this has been done and to require reports, special or periodic, on the activities and experiences of these special officers, would probably galvanize some of

them into action. It would help if you make clear to the heads of the field establishments that area conferences called by the President's Committee should be attended by the top officials and memoranda and communications from the Committee should be carefully noted. In the main, the Committee has been accorded top consideration but some officials have rated it at the deputy level.

Mr. President, the members of the President's Committee, as well as Mr. Roger Jones and Mr. Eugene Lyons, concur in these recommendations, and we trust that they will meet with your approval.

[Draft]

THE PRESIDENT'S COMMITTEE ON GOVERNMENT EMPLOYMENT POLICY

A REPORT TO THE PRESIDENT AND THE CABINET

By Archibald J. Carey, Jr., Chairman
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On January 18, 1955, the President provided stout support to the effort to develop the maximum potential of the nation's manpower when he issued Executive Order 10590. This Order reaffirmed the Government's non-discrimination policy, forbids discrimination on the basis of race, color, religion or national origin in the personnel actions of the Executive Branch, and created the President's Committee on Government Employment Policy. The Committee marks an advance in that this is the first committee reporting directly to the President created in this field to help put the Federal household in order. The Order marks a further advance in that it devised new officers of government known as Employment Policy Officers and Deputy Employment Policy Officers to combat discrimination in each agency and to accelerate the development of this program. With these persons, as well as with the heads of agencies, the Committee is in constant communication and counsel to effect the objectives of the Executive Order. At this point, I owe it to the Committee and the staff to report that their service has been conscientious and unremitting.

The Committee activities have taken three principal courses -- Corrective, Preventive and Persuasive.

I.

In the matter of correction, the Committee hears cases and renders advisory opinions to agency heads. Anyone discriminated against may make direct complaint to the President's Committee. The President has wisely provided that the head of each agency is responsible for the non-discrimination policy in his agency and one of the chief benefits flowing from this is the result that 80% of the cases arising under this Order have been settled, to the satisfaction of the complainants, within the agencies. When cases are not so resolved, they are heard by the full Committee.

The Committee is seven in number, three representing the public and four representing agencies of the Government strategic in manpower operations. Branch Rickey, Milton Biow and I represent the public. W. Arthur McCoy, former Chief of the Examining and Placement Division and Chairman of the former Fair Employment Board, represents the Civil Service Commission; Charles H. Kendall, General Counsel, represents the Office of Civil and Defense Mobilization; Mr. Alice K. Leopold, Director of the Women's Bureau and Special Assistant to the Secretary, represents the Department of Labor, and the Honorable Charles C. Finucane, Assistant Secretary in Charge of Manpower and Personnel, represents the Department of Defense. The two Alternate public members are Mrs. Jane Warnock of Eagle Butte, South Dakota, and Attorney William T. Coleman, Jr., of Philadelphia. Dr. Ross Clinchy is the Executive Director.

Where the Committee has rendered advisory opinions, there has been uniform compliance and cooperation in effecting any corrective measures which the Committee advised. The Committee employs the criteria of merit and fitness and disapproves of quotas.

To December 31, 1959, 866 cases had been handled under this program, 181 of them by the full Committee. With civilian employees numbering more than 2,300,000 this suggests the gratifying conclusion that discrimination in Federal employment is not widespread. But the Committee is convinced that legitimate complainants ofttimes are reluctant to institute cases, first because discrimination is not always easy to prove and second because they wish to avoid the tag of "trouble-maker". The complaints filed derived from 21 different categories of race, color, religion and national origin, including some white persons who claimed that they had been discriminated against because of their race.

The corrective activity has produced two significant benefits. First, 18% of the cases have resulted in direct, specific, corrective action. Second, many cases not warranting a finding of discrimination have, nevertheless, resulted in improved personnel procedures which the Committee feels have precluded other cases of unestimated number.

II.

To prevent discrimination, the Committee has interpreted, clarified and emphasized aspects of the Executive Order and the program. The Committee has prepared and published, from time to time, 14 memoranda which range from regulations and rules of procedure to carefully prepared treatises, invoking the best knowledge gleaned from the most recent studies in the field of human relations.

Some of these were calculated to give specific direction, such as our "Handbook for Employment Policy Officers", issued in March 1959. Others were intended to provide broad orientation, such as the brochure on "Human Relations in Federal Employment", published in February 1957. However, some of the other publications of the Committee are

1. "Questions and Answers on the Non-Discrimination Policy of the Federal Government"
2. "Procedures for Investigation of Complaints of Discrimination"
3. "Digest of Significant Complaints"
4. "A Checklist of Duties and Responsibilities of Employment Policy Officers and Deputy Employment Policy Officers"
5. "A Guide for Discussion in Supervisory Training Programs and Management Conferences", and
6. "Understanding the Human Factors - the Key to Supervisory Success".

Our most recent publication was the Third Report to the President, released to the public about September 1st, 1959.

In addition to these, the Committee publishes quarterly an Employment Policy News which reports current activities and achievements in the field.

To know the facts, the Committee has undertaken a number of studies to determine the pattern of Federal employment. These have included studies in specific grades, in certain cities and the circularizing of minority group organizations for information on Federal employment practices in their communities. One very comprehensive effort was a survey begun in 1956. It covered five major cities - in strategic locations, with large Federal establishments and large minority populations. The cities were Washington, Chicago, Los Angeles, St. Louis and Mobile, which include 17% of the total Federal employment and afforded good sampling.

Any survey encounters one major difficulty and that is the fact that the Government does not keep records of race, religion or national origin. Thus, this survey was limited eventually to Negro-Americans, but it supplied good basic information. A new survey of the same scope, as of March 1960 is now under way, which will provide valuable comparisons for the positions above GS-4. The Committee is constantly alert for new sources of information to develop a clearer picture of employment policies and patterns throughout the Government.

III.

In the effort at persuasion, the Committee has engaged its fullest resources to win a sympathetic understanding of the purpose and objectives of the President's policy and Executive Order. Needless to say, the prestige of the Presidential Order and the President's deep, personal concern are the most effective instruments at the disposal of the Committee. However, much time has been engaged in personal conferences to gain support for the policy and its implementation.

Foremost among these are the Area Conferences in which the members of the Committee meet face to face with the heads of the Federal Government agencies in local communities throughout the country. These conferences include a lecture presentation on phases of the program, visual aids, typical and atypical illustrations and the voice of the President, himself, in compelling appeal to implement the policy in order "to secure the best manpower available for the nation and to sustain the example of democracy before the world".

The stimulating discussion in the question and answer period, as well as the comments from the participants, bear clear witness to the fact that strong support has been added to this program at the level of the field establishments in day to day operations. In one area conference a government official commented, "The greatest service your Committee has rendered is just in being. The knowledge of the President's great concern is having a very salutary influence in developing a policy of employment which does not discriminate".

To date, the Committee has met in 30 cities with more than 3000 government administrators and their personnel officers. Present plans provide that in the next few weeks we shall have covered 38 cities, from Boston to Houston and from Seattle to Miami, in conference with nearly 4000 government officials.

FROM ALL OF THESE EXPERIENCES, CERTAIN CONCLUSIONS EMERGE.

The first and most satisfying discovery is that measurable progress is being made toward eliminating discrimination. It is pleasing to report that the examples of this could be legion. Let me cite just a few.

1. Washington -- figures available from the old Fair Employment Practices Committee provide statistics for 1942 for 17 agencies, 11 of which still operate. A comparison of those eleven shows 14,000 less employees in 1956, but 5000 more Negroes.

2. New Orleans -- in 1951 only 17 Negroes were employed in all Federal agencies as clerks, stenographers and typists. In 1959 the same agencies employed 115, although Federal employment in New Orleans dropped 2000. This represents an increase of 700%.

3. Chicago -- in 1944, the first Negro supervisor was appointed in the Post Office. During the one year of 1958, 41 were named to supervisory positions in the Chicago Post Office.

4. Atlanta -- the Housing and Home Finance Agency is now effecting the liquidation of the old segregated offices which served Negroes, and

shortly the Federal Housing Administration and the Public Housing Administration each will consolidate in one office for the first time all their personnel, serving all races together.

5. In California -- a Research Division of the National Aeronautics and Space Administration reports a technical staff of widely diversified racial composition, including, Negro-, Chinese- and Japanese-Americans in high supervisory and other positions of great responsibility.

6. A great number of individual examples of Negroes moving into supervisory positions in Houston, Mobile, Memphis and Pine Bluff, as well as other sections of the country justifies the faith that a new wind is blowing through the Federal structure and the Committee only regrets that it is not possible to detail here all of the new activities being developed and the persons whose initiative and dedication impelled them.

A second conclusion is that Federal employment leads private employment in providing opportunities for minority group members. The Five Cities Survey referred to, for example, disclosed that Negro-Americans held 23.4% of all Federal jobs in those five cities. In the nation's capital, 24% of all Federal positions were held by Negroes, 53% of them in white collar positions and 34% in blue collar or skilled labor jobs. Thus we note that 87% of the Negroes in Federal employment in the nation's capital are not in the laboring or custodial jobs.

A third conclusion, however, is that Federal employment is manifestly influenced by the climate of local tradition. This survey disclosed that the largest percentage of Negroes employed, 28.5, was in Chicago, while the lowest percentage, 15.5, was in Mobile. Further, it disclosed that in Mobile less than 1% of those in white collar work were in supervisory positions. In positions not covered by the Classification Act or the Wage Board Rates there were no Negro supervisors at all. Uniformly, we observe that in the cities of the Deep South supervisory positions available to Negroes are either non-existent or certainly reduced to a minimum.

A fourth conclusion is that a marked disparity develops between the number of Negroes in the lower classifications and those in the higher echelons. The statistics taken in Washington show that while 53% of the Negroes employed were in white collar positions, 83% of them were in grades 1 to 4, while only 28% of the white employees were in those grades. Observe, too, that of the 81,754 Negroes included in the survey, only 280 of them were in positions of grade 10 or above, while 53,419 white persons were in such positions. Realistically the Committee recognizes that this could be attributed to a lack of qualified applicants or lack of seniority, but must affirm that discrimination is probably a significant factor. However, almost any survey of Negro employment in the Federal Government will indicate a marked spurt in the years following the issuance of this Executive Order, and the establishment of this Presidential Committee.

Finally, a great portion of the progress achieved cannot be captured ~~and~~ submitted in figures and statistics. Vastly wider opportunities have opened and increasingly are opening to Americans of every identification in Federal employment, and as a direct of this example, in private industry, too.

What can the members of the Cabinet do to accelerate this program? We respectfully urge the following.

1. Maintain a firm awareness of the presence and the extent of the practice of discrimination. While 85% of the complaints have come from Negro-Americans, 20 other categories have complained that they were discriminated against because of race, color, creed or national origin, and the diversity of this practice, unchecked, poses a positive threat to sound administration and to morale.

2. Publicize the Executive Order, the President's policy, the President's Committee and its communications and activities whenever feasible. The communications of the President's Committee are with the heads of agencies. Thus, our memoranda are directed to the members of the Cabinet. It is for these officials to receive and relay the information and material which we issue. Too often, we have found in an area conference highly placed personnel, below Cabinet level, who indicated they had not received information which we had sent to the head of the agency and which we had felt was most important to disseminate for the development of the program.

   No complaint was ever received that a member of the Cabinet discriminated; but many complaints have stated that one of your subordinates did.

   We know you are personally burdened with many responsibilities, but it would greatly facilitate the program to assure that these communications from our Committee would reach those who carry forward the daily operations of your agency.

3. Institute in-service training programs within your own departments. While the Committee constantly seeks for more effective ways of

strengthening its own corrective and preventive functions, it is well aware that the development of a non-discrimination policy, in the final analysis, must rest on an effective educational program. This is not to say that education alone will accomplish the desired end without implementation and even enforcement. But it will provide the broad base of understanding and it will enlist new energies in this effort. For this reason the Committee has spent considerable time seeking the proper format which can be inserted into the supervisory training activities of the agencies, and which will provide supervisors with some of the basic knowledge and skills that will enable them to deal effectively with problems of intergroup relations. We have developed a suggested format, which is being used successfully in some training programs. We respectfully urge the support and encouragement of the members of the Cabinet in making this a permanent part of the supervisory training programs of the Federal departments.

4. Make ever manifest your own deep concern. To be sure the Executive Order has provided for the Employment Policy Officer in each Department and a Deputy Employment Policy Officer in each subordinate establishment. While they are important in the development of this program, they are your subordinates and will undoubtedly reflect in direct proportion the degree of concern which they feel you hold in this matter. In area conferences we have even learned of field installations where no Deputy Employment Policy Officer has yet been designated. To inquire throughout your agency if this has been done and to require reports, special or periodic, on the activities and experiences of these special officers, would probably galvanize some of them into action. It would also help if you make clear to the heads of the field establishments that area conferences called by the President's Committee should be attended by the top officials and memoranda and communications from the Committee should be carefully noted. In the main, the Committee has been accorded top consideration but some officials have rated it at the deputy level.

Secretary Mitchell has pointed out in that excellent presentation entitled, "Manpower--Challenge of the 1960s", that the fastest growth during the coming decade will occur among professional and technical occupations, especially engineers, scientists and technicians and that the need for skilled craftsmen will increase. While this appraisal was made for private industry, the same principles obtain in Federal employment.

Available to help meet these needs, there is going to appear a host of trained, skilled, equipped persons of the minority groups. The steady, though sometimes troubled, advance of school integration and the multiplying graduates of institutions of higher learning assure this.

It is only enlightened self-interest to guarantee that these skills are not torpedoed by practices of discrimination or thrust imprisoned into the strictured channels defined by segregation or even circumscribed by ancient traditions.

Charles Richard Drew was a Negro-American. It was he who devised the Blood Bank -- but when he did so he did not simply provide the means of recovery for Negro-Americans, he provided the means of survival for all Americans. Dr. Jonas Salk is a Jew. He formulated the Salk Vaccine. At another time and place in history he would have been compelled to wear the humiliating yellow stripe of Hitler, but afforded freedom of opportunity, he wrested from polio its crippling power and provided a life-saving vaccine -- not for Jews alone, but for all mankind. These are men who rose above their circumstances -- but what if more men could be lifted by circumstances to opportunity and incentive.

Was it not you, Mr. Vice-President, who judged that the great tragedy of India today is the frustration of her trained people, who, because of the slow pace of India's technological development, find no jobs to engage their training? Would it not be a tragedy of even greater proportions if such frustrations were repeated here -- not by a lack of jobs, but by practices which foreclose the opportunity of American citizens?

Finally, as the members of the Cabinet know far better than I, the practice of discrimination is doing grave damage to our prestige in world affairs. I have sat as a member of the United States Delegation beside Ambassador Lodge, who was my Chief at the United Nations, and listened to spokesmen of other countries indict our nation for the limitations which are imposed upon some Americans on the basis of race, color and religion.

Thus, we are confronted not only by the patriotic duty to develop the maximum of our national resources, but also the moral imperative to make the practices of our democracy match its professions. With this Executive Order and this example in the Federal Government, the President has taken a long stride toward that goal.

To you, Mr. President, and your Cabinet, the members of your Committee on Government Employment Policy, have asked me to bring the assurance that we pledge again our efforts to the program which you have placed in our hands, to the end that the United States may -- and I can find no better language than your own "secure the best manpower available for the nation and sustain the example of democracy before the world".

CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only

CP - 60-107

March 18, 1960

The White House

Washington

THE CABINET

Recommendations from the President's Committee on Government Employment Policy

For consideration by the Cabinet, attached is a paper submitted by the Chairman of the President's Committee on Government Employment Policy.

This paper and the presentation which will accompany it tentatively are scheduled for next meeting of the Cabinet pursuant to the assignment made in Item 2(c) of RA - 59-144.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

CABINET PAPER—PRIVILEGED CP - 60-107

Property of the White House—For Authorized Persons Only

March 18, 1960

The White House

Washington

THE CABINET

Recommendations from the President's Committee on Government Employment Policy

Problem:

To give full support to the work of the President's Committee on Government Employment Policy in order to maximize its effectiveness and to ensure the implementation of Executive Order 10590.

Background:

On January 18, 1955, the President issued Executive Order 10590 (Tab A). Its first three paragraphs set Administration policy in this area; its Section 1 established the President's Committee on Government Employment Policy (membership listed in Tab B).

Sections 3-6 of the Order specify the responsibilities of the heads of executive departments and agencies.

Conclusions:

While the responsibilities of the department and agency heads are being assumed creditably, there is still an appreciable distance to go before it can be said that the purposes set forth by the President are being accomplished 100 percent. The President's program in this field can be accelerated and the members of the Cabinet can help with this acceleration as follows:

Recommendations:

1. The Executive Order and reports and general communications from the President's Committee addressed to department heads should be more widely circulated within the departments and more systematically brought, by each head, to the attention particularly of those of their subordinates who have responsibilities in the personnel area. In addition to the Executive Order itself, an example of such a communication is Tab C: "Human Relations in Federal Employment"; additional copies of this are available from the Committee.

2. Each department head should incorporate permanently into the existing in-service supervisory training program conducted in his department, additional in-service training directed toward carrying out the President's nondiscrimination policy. This additional training should be consistent with what the Committee has developed: a format for a three-part course (attached as Tab D).

3. Each Cabinet member should ensure that his department not only has an Employment Policy Officer, but, as is also

authorized in Section 5 of the Executive Order, has a Deputy Employment Officer in every major subordinate unit, especially in each sizeable field establishment. The Committee's Handbook for Employment Policy Officers and Deputy Employment Policy Officers is attached as Tab E; more copies are available from the Committee. Department heads should require special or periodic reports from the Employment Policy Officers so that the problems with which they deal are known at top level.

4. Cabinet members should keep more closely aware, personally, of the presence and the extent of the practice of discrimination in federal employment. There are not one, but many categories and forms of discrimination, all of which together pose a positive threat to sound administration and to national morale.

5. Cabinet members should find occasions to demonstrate their personal concern with the implementation of the President's program, e. g., they should help ensure that the area conferences called by the Committee are attended by senior departmental officials.

Concurrences:

The Chairman, Civil Service Commission

The Special Assistant to the President for Personnel Management

TAB A

CABINET PAPER—PRIVILEGED

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EXECUTIVE ORDER

10590

- - - - -

ESTABLISHING THE PRESIDENT'S COMMITTEE ON GOVERNMENT EMPLOYMENT POLICY

WHEREAS it is the policy of the United States Government that equal opportunity be afforded all qualified persons, consistent with law, for employment in the Federal Government; and

WHEREAS this policy necessarily excludes and prohibits discrimination against any employee or applicant for employment in the Federal Government because of race, color, religion, or national origin; and

WHEREAS it is essential to the effective application of this policy in all civilian personnel matters that all departments and agencies of the executive branch of the Government adhere to this policy in a fair, objective, and uniform manner:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States, and consistent with the provisions of section 214 of the act of May 3, 1945, 59 Stat. 134 (31U.S.C. 691), it is hereby ordered as follows:

Section 1. There is hereby established the President's Committee on Government Employment Policy (hereinafter referred to as the Committee). The Committee shall be composed of five members, as follows: (a) One representative of the Civil Service Commission, to be designated by the Chairman thereof, (b) one representative of the Department of Labor to be designated by the Secretary of Labor, (c) one representative of the Office of Defense Mobilization, to be designated by the Director thereof, and (d) two public members to be appointed by the President. Not more than two alternate public members may be appointed by the President as he may deem necessary. Three members of the Committee shall constitute a quorum, provided that at least one public member or alternate public member is present. The President shall designate the Chairman and the Vice-Chairman of the Committee, and each member of the Committee shall serve at the pleasure of the President.

Section 2. The Committee shall:

(a) Advise the President periodically as to whether the civilian employment practices in the Federal Government are in conformity with the non-discriminatory employment policy recited in the preamble of this order, and, whenever deemed necessary or desirable, recommend methods of assuring uniformity in such practices;

(b) At the request of the head of a department or agency, or the Employment Policy Officer thereof, consult with and advise them concerning non-discriminatory employment policies under this order and regulations of such department or agency relating to such policies;

(c) Consult with and advise the Civil Service Commission with respect to civil-service regulations relating to non-discriminatory practices under this order;

CABINET PAPER

For Consideration

(d) Review cases referred to it under the provisions of this order and render advisory opinions on the disposition of such cases to the heads of the departments or agencies concerned;

(e) Make such inquiries and investigations as may be necessary to carry out its responsibilities under this section.

Section 3. The head of each executive department and agency shall be responsible for the effectuation of the policy of this order with respect to all civilian personnel matters under his authority and shall:

(a) Prescribe regulations for the administration of the employment policies under this order that will insure a complainant of an appeal to the proper authorities within his department or agency, a fair hearing, and a just disposition of his case. The regulations shall in all cases provide that subsequent to the recommendations of the Employment Policy Officer, as provided in section 6(b) of this order, and prior to the final decision of the department or agency, and upon the written request of the complainant, the complainant's case shall be referred to the Committee for its review and an advisory opinion as provided under section 2(d) of this order.

(b) File with the Committee a copy of the regulations prescribed for his agency pursuant to subsection (a) of this section, and report to the Committee all instances in which complaints are made regarding the actions of the department under the policy of this order, together with a statement of the disposition made of the complaint.

Section 4. The head of each executive department and agency, or his designated representative, may refer any case coming within the purview of this order to the Committee for review and an advisory opinion whenever he deems necessary.

Section 5. The head of each executive department and agency shall designate an official of his department or agency as Employment Policy Officer, and shall designate such Deputy Employment Policy Officers as may be necessary to assist the Employment Policy Officer to effectively carry out the policy of this order. The position of Employment Policy Officer shall be established outside of the division handling the personnel matters of the department or agency concerned. Each Employment Policy Officer shall be under the immediate supervision of the head of his department or agency, and shall be given the authority necessary to enable him to carry out his responsibilities under this order. All officials and employees of each department and agency shall be advised of the name of its Employment Policy Officer.

Section 6. Each Employment Policy Officer shall:

(a) Advise the head of his department or agency with respect to the preparation of regulations, reports, and other matters pertaining to the policy of this order and the conformity therewith of the conduct of personnel matters in his department or agency;

(b) Receive and investigate complaints of alleged discrimination in personnel matters within his department or agency and make recommendations to appropriate administrative officials for such corrective measures as he may deem necessary;

(c) Appraise the personnel operations of the department or agency at regular intervals to assure their continuing conformity to the policy expressed in this order.

Section 7. The Civil Service Commission shall in connection with its responsibilities under the law issue such regulations as may be necessary to implement the policy of this order.

Section 8. This order supersedes Executive Order No. 9980 of July 26, 1948, and the Fair Employment Board established thereby in the Civil Service Commission is abolished. The records and property of the Fair Employment Board shall remain with the Civil Service Commission and shall be available for the use of the Committee.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,

January 18, 1955

TAB B

Public Members:

1. Archibald J. Carey, Jr., Chairman
    Minister, Quinn Chapel, Chicago
    Attorney at Law
    President, Illinois Federal Savings and Loan Association

2. Branch Rickey, New York City
    President, Continental League

3. Milton H. Biow, New York City
    President, Milton H. Biow & Company
    (Promotions and Public Relations)

Government Members:

4. W. Arthur McCoy, Civil Service Commission
    Former Chief, Examining and Placement Division
    Former Chairman, Fair Employment Board

5. Charles H. Kendall, Office of Civil and Defense Mobilization
    General Counsel

6. Mrs. Alice K. Leopold, Department of Labor
    Special Assistant to the Secretary
    Director, Womens Bureau

7. Honorable Charles C. Finucane, Department of Defense
    Assistant Secretary in charge of Manpower and Personnel

    Judge Stephen S. Jackson, Deputy Assistant Secretary
    of Defense (Alternate)

Alternate Public Members:

8. Mrs. Jane Warnock, Eagle Butte, South Dakota

9. Attorney William T. Coleman, Jr., Philadelphia

HUMAN RELATIONS
IN
FEDERAL EMPLOYMENT

THE PRESIDENT'S COMMITTEE
ON
GOVERNMENT EMPLOYMENT POLICY

Washington 25, D. C.

THE PRESIDENT'S COMMITTEE ON GOVERNMENT EMPLOYMENT POLICY

Archibald J. Carey, Jr., *Chairman*
Minister, Quinn Chapel
Attorney
Chicago, Illinois

Branch Rickey, *Vice Chairman*
President, Continental League
Pittsburgh, Pennsylvania

The Honorable Charles C. Finucane
Assistant Secretary of Defense
Department of Defense

Milton H. Biow
Chairman, Biow Co.
New York, N. Y.

W. Arthur McCoy
Former Chairman
Fair Employment Board
Civil Service Commission

Charles H. Kendall
General Counsel
Office of Civil and Defense Mobilization

William F. Patterson
Special Assistant to the Secretary of Labor
Department of Labor

ALTERNATE PUBLIC MEMBERS

Mrs. Jane F. Warnock
Eagle Butte,
South Dakota

Mr. William T. Coleman, Jr.
Attorney
Philadelphia, Pennsylvania

EXECUTIVE STAFF OF THE COMMITTEE

Ross Clinchy, *Executive Director*

Gwendolyn M. Tise, *Examiner*

Frederica B. Banks, *Secretary*

This pamphlet was prepared by Dr. Ross Clinchy, Executive Director of the Committee, with the advice and suggestions of members of the Committee.

40-22/60

INTRODUCTION

This pamphlet is designed to be of practical help to supervisory personnel in dealing with some of the matters which arise under President Eisenhower's program of equality of opportunity in Federal employment matters, as set forth in Executive Order 10590 on January 18, 1955. It is not an attempt to provide answers to the major problems of racial or inter-religious relations with which our nation is faced today, nor does it give special consideration to any particular minority group. What it does contain is some information on what the program really means, some facts about who we Americans are in terms of our racial, religious, and nationality backgrounds, something about the attitudes that cause the problems, and some common-sense rules about the handling of these sensitive problems as they arise in governmental operations.

The problems touched upon in the pamphlet are complex, and cannot really be dealt with adequately in brief form. It has been necessary here, however, to deal with them in this fashion. Supervisors who wish more information about any particular phase of the matters discussed here can obtain suggestions on additional material by writing to the President's Committee on Government Employment Policy in Washington, D. C.

WHY HAVE AN EQUAL OPPORTUNITY EMPLOYMENT POLICY?

This question is a fairly common one, and many sincere individuals have asked it of the President's Committee. Behind their question is the thinking that in general everyone is favorably disposed to the principle, and that the setting up of special procedures to implement the policy only complicates the problem and draws too much attention to it.

The basic reason for the policy requires little discussion. Our American tradition is founded on the theory of individual rights and freedoms which are part of our birthright as American citizens, and on the idea that while as individuals we differ in intelligence and ability, we do have the right to equality of opportunity. Every American deserves the chance to make the most of his abilities.

Related to this basic principle are other important reasons. Not only is it fair and just that all Americans be given equal opportunity, but it is a clear fact that America needs all of the skills and abilities it can muster. Americans who have these needed skills and abilities--and they exist in all racial and religious groups--should not be denied the right to use them if for no other reason than that our nation needs them.

In addition to the moral and economic reasons are the facts of international relations. We as a nation are dedicated to democratic principles in what may be a long struggle with Communism for a free and peaceful world. This struggle is to a great extent being fought with ideas. But we cannot convince others of the blessings of freedom if we do not practice what we preach. Therefore our Federal government must do all possible to set its own house in order.

But what about the argument that such a policy as that expressed by the Executive order only stirs up trouble and creates problems where they had not existed before?

The first answer to this is that the problems have always existed and were not created by any order. What is happening under the order is that situations involving discrimination are now being made known. Of course the order has also made it possible for non-valid complaints to arise, but until any complaint is investigated there is no way of knowing whether or not it is valid.

The second answer is that the procedure which the fair employment policy provides should be regarded as a technique for treating an illness in personnel relations--not as the introduction of a new irritant.

WHAT DOES THE EMPLOYMENT POLICY PROGRAM REALLY MEAN?

In the first place, what the order does mean is that members of all groups should receive equal consideration in the personnel actions of the Federal government. It means that the abilities of the individual should be the determining factor, not his race or his religion or his nationality background. It means that the best person available should receive appointment or promotion.

It does not mean that members of minority groups should be employed regardless of merit or fitness. It is not designed to promote the welfare of any particular group beyond the spirit and intent of the merit system. To do otherwise would be to violate the spirit of the entire merit system.

The importance of the supervisor to the success of this policy can hardly be overestimated. He or she is in a key position in many of the personnel actions of the civil service. The supervisor who persists in discriminating can of course do so in many ways which may not directly involve a question of hiring or promotion; favoritism to others, cutting remarks, hostile or brusque speech or manner are only a few of the ways in which members of minority groups are accorded different treatment. But whether the discrimination be hidden or outward, it can do a great deal of damage to the morale of the unit. It is a mark of unenlightened supervision.

IS DISCRIMINATION SOMETHING NEW IN AMERICAN LIFE?

Throughout our history this nation has been traditionally regarded as a haven for oppressed peoples of the Old World. And so it was for many of those who have come here since our pre-colonial days. Group after group came to seek religious, economic, or political freedom.

Yet it is a strange fact of social behavior that some of those who sought freedom from persecution were in turn unwilling to grant it to others. Some of the religious groups which settled in early New England refused to grant to minorities within their colonies the right to worship as they wished. Later immigrant groups--particularly during the great immigration period of the nineteenth century--found themselves regarded with suspicion and resentment; early Irish immigrants in Boston, for example, were not wanted.

There are other examples in our history which show that many immigrant groups were met with suspicion, and that many of those groups in turn regarded later arrivals with that same resentment. The plain truth is that a certain amount of discrimination has been with us for a long time, and has been apparent in varying degrees of intensity and against a wide variety of groups. At the same time, our tradition of freedom and of opportunity has made it possible for group after group to overcome these early resentments and make its contribution to American life.

WHO'S WHO IN AMERICA?

Because we are a nation of immigrants, it is natural that we should be a nation of many different kinds of people. Through association and intermarriage, some of our nationality groups have lost their identity to a considerable extent. But in a very clear sense our religious and racial groups remain distinct, and we still have some clearly defined nationality groups. In short, we are a people of differences in terms of our backgrounds.

Religiously we look about as follows, in terms of population percentages:

Evangelical Protestant	60%	
Roman Catholic	30%	
Jews	6%	
Anglican Episcopalians	2%	(Of total church membership)
Eastern Orthodox	1%	
Others	1%	

On the basis of race and nationality descent, we look as follows:

Anglo-Saxon	49%	
Teutonic	12%	
Negro	11%	
Irish	8%	
Slavic	7%	
Italian	4%	
Scandinavian	3%	(Of the total population)
French	2%	
Finn	1%	
Lithuanian	1%	
Greek	1%	
American Indian	Less than 1%	
Orientals, Philippinos, and Mexicans	Less than 1%	

Our differences, therefore, are facts of our national life, and we cannot wish them away. Instead, we must learn to understand them and to live with them. Nor is there much point in being disturbed by such differences. Many social scientists believe that much of America's greatness comes from these very differences, in the sense that each group has had something unique and stimulating to give to the nation. Whatever the point of view, the important thing is that there is nothing dangerous or forbidding about our differences.

WHY DOES DISCRIMINATION EXIST?

The basic cause of discrimination usually lies in personal feelings of prejudice--a combination of hostility, fear, resentment or dislike of members of other racial, religious or nationality groups. We can of course be prejudiced against things; many people will not eat spinach in any form, or will not drive a particular make of car. This kind of prejudice does no particular harm, unless in the case of the automobile it puts a company out of business. We can also be prejudiced against certain economic classes of people, such as policemen, or school teachers, or hod-carriers; if there is enough of this, policemen or school teachers or hod-carriers can be hurt. But prejudice against groups of people on the basis of religion or race can result in widespread discrimination against the group, with the resulting denial of the rights and opportunities of individuals. For prejudice is always directed toward all members of the group--good, bad, or indifferent.

It is important to make a distinction between the term prejudice and the term discrimination. A prejudice is an attitude--an emotion or a state of mind which an individual may have toward ideas or objects or people. In the sense we are using it here, it is a feeling of dislike and sometimes hatred toward groups of people. Discrimination, on the other hand, is the action which results from a feeling of prejudice. Such action can of course take many forms, running from the sneering remark to physical violence. Whatever its form, it is an act which violates the right of some one else.

The reasons for prejudice are extremely complex. Some social scientists say it is the result of historical factors. Some say it is due to social pressure or family environment. Some believe that misinformation is a basic cause. Still others believe that prejudice is deeply rooted in an individual's personality, and that certain types of personality are more likely to be prejudiced than others; one example of this would be the individual who is prejudiced because he needs to feel superior to others.

There is a general agreement, however, that prejudice is learned. We are not born with it. Young children can acquire it as they grow older. They have to be taught to dislike members of other groups, and they can be taught by their parents or associates, or influenced by many other factors of their environment.

An important part of prejudice is the process which the scientists call "stereotyping", or the process of making unwarranted generalizations about other groups of people. Most of us generalize about the things we see. But we also allow for a good many exceptions. But the person who stereotypes people assumes that all members of the group have certain very definite and unfavorable characteristics. The exceptions he may see do not change his generalizations.

Prejudice depends a great deal on these generalizations. We label certain groups and we refuse to make exceptions, or if we do find exceptions we refuse to consider the possibility that our generalization will not hold up. Therefore we discriminate against all members of the group.

It is also true, of course, that prejudice and discrimination can be seen in members of every group--minority or majority. Members of minority groups may make the same generalizations and may have the same dislikes for majority groups as some members of majority groups have for them. But usually the majority groups are in a better position to do the discriminating.

The important truth in all of this is that prejudice is not an unchangeable fact of human nature. It is in part something that people learn, and very often it can be unlearned or lessened. Nor is it always directed toward the same group; it can shift with the passage of time or change its direction to new targets.

WHAT ABOUT THE BEHAVIOR OF MINORITY GROUPS?

A great many people have an entirely different explanation for prejudice. "Prejudice can't be blamed on the individual", they will say, "but it is the fault of the way in which minority groups act. If some racial and religious groups did not have annoying characteristics, no one would discriminate against them. They're always butting in where they're not wanted."

This is a very easy idea to accept, because it seems to explain our feelings so simply. We are apt to form our opinions about groups from the judgments we make of some of their members, and to conclude that all members of those groups have the same characteristics.

But the facts of evidence known about these feelings of ours tell us something which is quite different. Prejudice is not always the result of careful observation on our part, but may exist because we want to feel that way about other groups, and we look for instances which seem to justify our generalizations. The curious thing about the labels which we apply to other groups is that they are so often contradictory. Some racial groups are seen as lazy, inefficient, or unambitious, but they are also typed as cunning, conniving or untrustworthy. Some religious groups are accused of clannishness and at the same time of pushing their way into other groups. Yet when we observe bad behavior by members of our own groups, we never assume such behavior to be typical.

What often really happens when we generalize about groups is that we make them whatever we want them to be.

The main point here is that our stereotypes don't always make sense, if simply because of the many exceptions for which we have to make allowances. The truth is that every group has its stupid and its intelligent, its able and its inefficient, its honest and its dishonest. The danger of stereotyping is that it punishes the able and intelligent members for what we may think of the less attractive members of the group.

If there is one sound rule to follow in matters of human relations, it is that individuals must be judged on their individual merits.

HOW DOES THIS INFORMATION RELATE TO MATTERS OF FEDERAL EMPLOYMENT?

Executive Order 10590 is concerned primarily with the problem of discrimination. It is aimed at preventing acts of discrimination in Federal personnel matters. No one involved in the program would hold the supervisor responsible for changing the attitudes of his employees.

But the supervisor does have a responsibility to prevent discrimination in his particular unit, and the problem of discrimination is better understood if the cause of it is made clear. On the basis of the above information, it is clear that part of the problem is caused by the fact that we are a nation of differences; if we were all alike discrimination on the basis of race or creed would be impossible. These differences are a natural result of our historical development. It is also clear that behind the fact of discrimination is the existence of prejudice--feelings of dislike, distrust, or resentment which are often unconscious and which take the form of generalizations about other groups. These generalizations or stereotypes are not born within us, but are learned or acquired as we grow older.

From what we do know about prejudice and discrimination, some very sound rules of procedure can be applied to the matter of discrimination as it may exist in agencies of the Federal government. They might be listed as follows:

1. Since prejudice is a fairly common factor in human relations (some authorities estimate that nearly fifty percent of our population is influenced by it in varying degrees), it can exist in governmental activities as well as in many other areas of human activity.

2. There is, however, no unbroken relationship between prejudice and discrimination. People may be prejudiced, but often will not discriminate for various reasons; they will act as they think their surroundings indicate. Thus a prejudiced person coming into a situation in which discrimination is not accepted, or "not the thing to do", will usually go along with the group. There are exceptions to this, of course, but by and large even prejudiced people want the approval of their fellows. If they do not get this approval, they won't necessarily change their feelings but they usually will control their actions.

3. Where there is a clear line of authority on the non-discrimination policy, therefore, people will tend to go along with the rules and regulations even though their feelings about the regulations are

unchanged. If this sounds like unfair suppression, it might be noted that working for the Federal government is a privilege, not a right. In this respect, it is like any other employment invoking adherence to the "company rules."

4. It's a sound rule that discrimination will be perpetuated if the argument that "this is the way we've always done it" is accepted in government units. The line of least resistance is a fertile ground for discrimination.

5. Experience also shows that one of the most effective cures for prejudice is the simple experience of working with members of minority groups who do not fit the stereotypes of the prejudiced person. This is one way in which prejudice can be "unlearned."

6. All of the experience of the President's Committee shows that the feared results of hiring minority group members usually disappear once the action is taken. Workers do not resign in spite of threats to do so.

7. One of the valid rules in handling minority-group problems is that every person ought to be judged on the basis of individual ability, and not by racial or religious background. But at the same time, group differences can be important in explaining individual behavior--particularly when some members of minority groups are sensitive about their membership. Both individual and group differences need to be accounted for in dealing with people.

8. Nothing is resented as much as the use of insulting names regarding a race or religion. This can sometimes be resented more than a direct act of discrimination.

9. Many complaints of discrimination arise because the complainant was never given the courtesy of a sympathetic interview at the very beginning. The Committee knows of many cases which could have been settled without formal review had the individual been listened to in the first place. Resentment or anger have never yet settled a complaint.

10. At the same time, any criticism of an offending employee should be handled in a private interview. Prejudice is an intensely personal matter; no one expects the supervisor to cure it, but he can prevent acts of discrimination by a tactful reminder of the proper policy and a firm insistence on its acceptance.

A LOOK AHEAD

The policy of the President is firm and clear on this matter of equality of opportunity in the personnel matters of the administrative branch of the Federal government. It looks toward an administrative operation in which fairness and justice will be the keynote of all personnel operations, and in which every citizen, whether he be an applicant for employment or an experienced career employee, will know that he will be judged without regard to his race, creed or religion.

We are well along the way toward that goal. The ultimate success in realizing it, however, will depend in the last analysis upon the willingness of all those concerned with administrative operations to make equality of opportunity a fundamental part of their day-to-day outlook toward their job. Such an attitude does justice to the spirit of the Executive order and to the finest American traditions, as well as paying dividends in good administration and the high morale of employees.

USCSC—WASHINGTON D C

TAB D

CABINET PAPER—PRIVILEGED

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PHASE ONE - SESSION OUTLINE

I. Develop these points briefly

- A. The supervisor's job
- B. Executive Order 10590
- C. The importance of the Order
- D. The role of the President's Committee
- E. The complaint procedure

II. Develop these points through group discussion

A. What do we mean by discrimination? What form does it take in government employment?	A. Use list in discussion guide to bring this out.
B. What are the reasons for these actions? Why do they occur in employment practices? How valid are these fears?	B. The existence of certain fears. Use material in discussion guide. Discuss, from the experience of the supervisors.
C. Do attitudes play a part?	C. The existence of certain attitudes. Bring in factors of stereotypes and prejudice.

PHASE TWO - SESSION OUTLINE

I. Introduce the Film, "The High Wall."

  A. Tell group to look for the causes of prejudice as portrayed in this film.

  B. Tell group to look for the reasons why members of the same family were affected differently.

II. Show Film.

III. Develop these points through discussion:

  A. What were the causes for prejudice as portrayed in this film?

  B. Why were some members of the family affected, and not others?

  C. Are there any other possible causes of prejudice not brought out by the film?

  D. Could this emotion be a factor in government operations?

PHASE THREE - SESSION OUTLINE

I. Develop agreement that discrimination is something we may have to consider as supervisors

II. Read and discuss Cases A, B, and C individually and develop the following points as possible supervisory problems:

   A. Possible over-sensitivity of members of minority groups

   B. Outright expression of prejudice by employees

   C. Antipathy of employees toward members of minority groups

III. In discussing the cases also discuss what the supervisor himself can do to fulfill his obligations under the Executive Order. Bring out the following points:

   A. Equality of treatment in hiring, promoting, disciplining or firing

   B. Firmness in treatment of offenders of the policy

   C. Judgment of workers as individuals, not as members of groups.

HANDBOOK

for

EMPLOYMENT POLICY OFFICERS
and
DEPUTY EMPLOYMENT POLICY OFFICERS

This Handbook is designed to be of assistance to Employment Policy Officers and their deputies in the discharge of their responsibilities under Executive Order 10590.

The President's Committee on Government Employment Policy
Washington 25, D. C.

WHY DO WE HAVE A NON-DISCRIMINATION POLICY?

One of the questions which may sometimes confront you in your responsibility as an Employment Policy Officer* is, "Why do we need such a policy, and why is it necessary"?

The question is not absurd, and may be asked in good faith. Usually it is asked by those who take the position that discrimination is not much of a problem in Federal employment, and that stressing the matter by providing for all the pertinent regulations is only making the matter worse by overemphasizing its importance. It would be better, they will say, to "let sleeping dogs lie", and to let time and the natural course of events correct any troublesome situations.

Usually this approach is the result of lack of complete understanding about the purpose and need of the policy. There are some very important reasons behind it, and the more clearly they are understood by those who will ask you this question, the more effective you will be as an Employment Policy Officer.

To begin with, the motivation of the policy lies deep in the basic principles of what we usually refer to as the "American Way of Life", or the "American Creed." Naturally interpretations of this way of life or creed differ on many secondary issues. But expressed in the Declaration of Independence and running through some one hundred and eighty years of American life and history has been the unique political and social concept that the individual is of supreme worth, that in this worth he is created equal to his fellow-man, and that from this worth flow many of the rights and freedoms which have become deeply imbedded in our entire political, economical, and social structure as a nation.

Strongly interwoven with this creed has been the idea that opportunity in America is open to any man who wishes to make the most of his abilities. This has been so much a part of our development as a nation that it provides one of the great currents in the mainstream of America's history, from the early development of the frontier to the present time. To ignore it is to badly misinterpret the forces that have created the nation as it stands today.

The concepts of individual worth, and of individual liberties and opportunities, then, are fundamental to the American idea or creed, and the creed has had much to do with the formation of American democracy. It is in a sense the very heartbeat of the nation.

Recognizing this, it is not difficult to understand why the idea of equal opportunity for all citizens, in order that each may realize his full potentiality, is and has been a great moral force in the nation's conscience. Because the Federal government is a particularly sensitive barometer of that conscience, it is equally understandable that Federal employment should reflect the idea of equality of opportunity. It is the servant of all the people, and it can do nothing less than represent the highest standards of this national conscience. The non-discrimination policy is therefore the means by which this concept of equality of opportunity is being translated into actuality by assuring that in matters of Federal employment merit and fitness alone shall be the criteria.

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* To avoid repetition, only the term "Employment Policy Officer" is used in this handbook. The material is equally for the use of "Deputy Employment Policy Officers".

At the present time there is an even greater purpose for the establishment of such a policy. The whole idea of the American way of life--the creed we have mentioned--is being challenged more seriously and more desperately than ever before in our history. Communism ridicules and debunks this creed, making the counter-claim that the Communist state offers far more to the individual. We are engaged in what may be long years of struggle in the "cold" war of ideas. In this ideological conflict, the Federal government cannot avoid its own responsibility of exemplifying the concept of fair and equal treatment of its employees. It must stand in the fore-front on this question, and any failure on its part to represent the highest standards of employment policy will cast a long shadow on the face which the nation turns to the world.

So much for the purpose behind the policy, and now as to the need.

In spite of the pervading moral force of the American creed, and in spite of the great emphasis we put on the concept of opportunity, there have been many situations in American life where opportunity has been denied to American citizens because of their identification with racial, religious or nationality groups. This denial has been for the most part based on judgements by other Americans of what they considered to be the undesirable characteristics of these groups--as groups. Such judgements may have resulted from a process of observing undesirable characteristics of some members of the group and of applying such characteristics to all members of the group. These mental processes have had many causes which need not be discussed here. The important point is that the judgements have resulted in the denial of opportunities to many individuals who actually do not represent the supposed group characteristics.

Discrimination, or denial of opportunity on the basis of preconceived judgements, has therefore been a fact of our national life. While it has taken various forms, its effect in the matter of narrowing employment opportunities has been one of its important characteristics. And while much progress has been made in this matter, it still appears in various ways in American life.

As a major employer in our economy, the Federal government has not in the past been free from such discrimination. Government is not so isolated from American life that it is not affected by the mores or attitudes of our various communities; it is instead an integral part of these communities. Consequently as late as 1941, when the war effort gained momentum, it was felt that discrimination in Federal employment was widespread enough to call for the issuing of a policy which would work toward eliminating such discrimination and making use of all of the qualified manpower available. The policy lapsed at the end of the war, but was renewed again by Executive Order 9980 in 1948 and by Executive Order 10590 in 1955.

Thus, while the impetus for enforcement of the policy was war-generated, the need has been apparent for some time. And while considerable progress has been made in eliminating this kind of discrimination in Federal employment, the task still remains a considerable one. Much yet remains to be done.

To those who would doubt the essential reasons for the policy, or who deny its need, you as an Employment Policy Officer are on firm ground. You represent a policy which is grounded in the very bed-rock of the nation's past and present. And it has been brought into being in answer to practices which have been clearly apparent and which continue to exist in some forms and to some extent as a denial of the basic principles of the merit system and of the principles the nation proclaims to the world. Your cause is a just and proper one.

THE ROLE OF THE EMPLOYMENT POLICY OFFICER

You are important to the non-discrimination policy for a number of reasons, the least of which is that your agency head must rely a great deal on your help if and when a question of discrimination ever arises in your agency. Much of the real success of the policy, however, depends upon what you do or do not do as an Employment Policy Officer.

The head of your agency or field installation is directly responsible for all matters pertaining to discrimination within his administrative jurisdiction, and he in turn is responsible to his superior. The Executive Order establishing the policy is clear on this. The Order says, in effect, to the agency heads, "Gentlemen, put your particular house in order on this matter of discrimination, and see to it yourselves that your personnel actions are not affected by any taint of discrimination." There's no doubt, then, as to where the initial responsibility for the policy lies.

Agency administrators, however, whether they be Cabinet Secretaries or the head of a field establishment, have a multitude of responsibilities. They must delegate authority, and the non-discrimination policy is no exception to this. The position of Employment Policy Officer was created with this delegation of authority in mind. You, too, have other duties and responsibilities, but as the Employment Policy Officer in your agency you have a particular responsibility for this policy in that your agency head must rely on you for the direct implementation of the policy.

Unless you are in a position where you have staff assistance in personnel matters of this kind, the burden of being fully informed in all aspects of the policy as it relates to your agency falls heavily on your shoulders. You are the one who should become the "expert" on all matters of discrimination within your agency.

Your responsibility, then, is to your agency head, who must rely on your information in carrying out his own job of "setting his house in order." As such, you will have to wear a number of hats if you do a thorough job. You may have to be a resource of information, as investigator, a guide and counsellor, a judge, and to some extent a social scientist.

All of this is not designed to overwhelm you. As we mentioned in the beginning, much of the success of the policy depends upon what you do or do not do. If you limit your function only to investigation of complaints, you may find your duties very light; you may even never receive a complaint in your agency. But you cannot count on this, and you will never be a determining influence in developing a firm policy in your agency if you limit yourself to being a fireman who moves only when the bell rings.

In other words, you can make of this responsibility whatever you wish to. You can do very little without any particular repercussions; on the other hand, the more you make of the job the more effective the policy will be in your agency.

PROVISIONS OF EXECUTIVE ORDER 10590

Sections 3, 5, and 6 of the Order are of particular concern to Employment Policy Officers. They are quoted in full for ready reference with brief comments relative to each section.

> "Section 3. The head of each executive department and agency shall be responsible for the effectuation of the policy of this order with respect to all civilian personnel matters under his authority***."

The Order adopts the premise that discrimination is a problem of management. Section 3, quoted above, places responsibility for carrying out the non-discrimination policy with management, where it rightfully belongs. The primary function of the Committee is to assist the departments and agencies with the responsibilities assigned to them by this section of the Order. The Committee is discharging its responsibilities to the agencies by rendering advisory opinions on individual cases, by issuing instructional memoranda to agency heads, by holding area conferences with the heads of field establishments, employment policy officers and their deputies, and by making the staff available for consultation at all times.

> "Section 5. The head of each executive department and agency shall designate an official of his department or agency as Employment Policy >Officer, and shall designate such Deputy Employment Policy Officers as may be necessary to assist the Employment Policy Officer to effectively carry out the policy of this order. The position of Employment Policy Officer shall be established outside of the division handling the personnel matters of the department or agency concerned. Each Employment Policy Officer shall be under the immediate supervision of the head of his deparmment or agency, and shall be given the authority necessary to enable him to carry out his responsibilities under this order.

All officials and employees of each department and agency shall be advised of the name of its Employment Policy Officer."

This section provides for the designation of Employment Policy Officers and Deputy Employment Policy Officers, and is otherwise self-explanatory. Three provisions of the section are, however, of particular interest:

(1) The position shall be established outside of the division handling personnel matters.

(2) Each Employment Policy Officer shall be under the immediate supervision of the head of his department or agency.

(3) He shall be given the authority necessary to enable him to carry out his responsibilities under the Order.

> "Section 6. Each Employment Policy Officer shall:
>
> (a) Advise the head of his department or agency with respect to the preparation of regulations, reports, and other matters pertaining to the policy of this order and the conformity therewith of the conduct of personnel matters in his department or agency;
>
> (b) Receive and investigate complaints of alleged discrimination in personnel matters within his department or agency and make recommendations to appropriate administrative officials for such corrective measures as he may deem necessary;
>
> (c) Appraise the personnel operations of the department or agency at regular intervals to assure their continuing conformity to the policy expressed in this order."

This section describes in broad general terms the duties and responsibilities of Employment Policy Officers. It is clear from the language in paragraph (a) that, acting under the direction of the agency or establishment head, Employment Policy Officers and their deputies are charged with the responsibility of carrying out the Federal Government's policy of nondiscrimination. Attention is invited to the Committee's Memorandum No. 7 of February 3, 1956, hereinafter referred to. This memorandum, with attachments, describes the duties and responsibilities of Employment Policy Officers in some detail and provides a check-list for their convenience.

Paragraph (b) deals with the receipt and investigation of complaints of alleged discrimination. Reference should be made to the Committee's Memorandum No. 2 of June 3, 1955. The Memorandum contains suggestions in detail for securing the necessary information in different types of complaint cases. These suggestions were based on experience in dealing with many complaints and adherence to them will, in almost all cases, result in a satisfactory report without the necessity of delay in securing supplemental information.

Paragraph (c) requires the appraisal of personnel operations of the department or agency at regular intervals (underscoring supplied), and is of vital importance, not only as a part of a specific investigation, but for the broader purpose of making certain that such operations are in continuing conformity to the policy expressed in the Order. Information and suggestions on the methods of making appraisals of personnel operations is found in the Committee's Memorandum No. 2 of June 3, 1955.

One of the responsibilities of the Committee is to furnish to the various departments and agencies information concerning the provisions of Executive Order 10590. This has been done. The Committee has also provided the departments and agencies with a variety of materials designed to be helpful to them in performing their duties under the Order. To accomplish this, the Committee has sent to the departments and agencies a number of memoranda, each dealing with some specific phase of the non-discrimination program. The Committee has also prepared for distribution some pamphlets dealing generally with the policy and program of non-discrimination in Federal civilian employment, and has issued two comprehensive reports to the President.

The memoranda to the heads of agencies and the other publications of the Committee are listed below. Copies of any or all of them may be obtained by writing to the President's Committee on Government Employment Policy, Washington 25, D. C.

Memoranda to Departments and Agencies

Memorandum No. 1 - March, 1955
"Regulations and Procedures of the President's Committee on Government Employment Policy"

Memorandum No. 2 - June, 1955
"Procedures for Investigation of Complaints of Discrimination"

Memorandum No. 3 - June, 1955
"A Guide for Discussion in Supervisory Training Programs and Management Conferences"

Memorandum No. 4 - August, 1955
"Use of agency inspection programs to secure information on agency conformity with the non-discrimination policy"

Memorandum No. 5 - November, 1955
"Pamphlet entitled 'Some Questions and Answers on the Non-Discrimination Policy of the Federal Government'."

Memorandum No. 6 - January, 1956
"Survey of Employment of Negroes in full-time Federal Civilian Positions as of March 31, 1956"

Memorandum No. 7 - February, 1956
"Duties and Responsibilities of Employment Policy Officers and Deputy Employment Policy Officers"

Memorandum No. 8 - February, 1956
"Digest of Typical Complaints of Discrimination"

Memorandum No. 9 - April, 1957
"Responsibilities in the Processing of Complaints"

Memorandum No. 10 - May, 1957
"Reports on Complaints of Discrimination"

Memorandum No. 11 - November, 1957
"Revision of the Committee's Regulations"

Miscellaneous Publications

"The Policy of Non-Discrimination in Employment in the Federal Government"

"Fact Sheet for Applicants"

"Human Relations in Federal Employment"

"First Report [to the President] of the President's Committee on Government Employment Policy"

"Second Report [to the President] of the President's Committee on Government Employment Policy"

MEMORANDA PREPARED BY THE COMMITTEE FOR USE BY EMPLOYMENT POLICY OFFICERS

For the convenience of Employment Policy Officers, copies of the Committee's Memoranda No. 2, No. 5, No. 7, and No. 8 are forwarded herewith. In the following Section each of these memoranda is discussed. Some suggestions are also made for their use. It is hoped that these suggestions may be helpful in interpreting the memoranda and in applying their provisions to specific cases.

Memorandum No. 2 - June, 1955.

"Procedures for Investigation of Complaints of Discrimination"

This memorandum describes in some detail the steps to be taken by the Employment Policy Officer upon receipt of a written complaint of discrimination. The first part of the memorandum is largely instructional. It points up the two fundamental problems involved in a complaint of discrimination, namely (1) determination as to whether the employment practices in the particular organizational unit have been in conformity with the nondiscrimination policy, and (2) the merit and fitness of the complainant.

It is not unusual to find that an individual complainant does not have "a case." He may not have been the one best qualified for the promotion he sought; he may not have been within reach for selection for original appointment; or his discharge from the service may have been for good and sufficient reasons. In cases such as these in which the complainant does not meet the test of merit and fitness, no corrective action so far as he is concerned is necessary.

Although the individual complaint may be found to lack merit, the information secured in establishing this fact may disclose the existence of a pattern of discrimination in the organizational unit involved. On the other hand it may reveal unsound personnel policies and procedures conducive to the belief that discrimination is at times substituted for merit. A few examples are:

(1) The absence of objective promotion standards that have been made available and explained to all employees.

(2) Failure on the part of interviewers to give full and accurate information to employees and applicants, or to treat them with reasonable courtesy and understanding.

(3) Failure to make equitable rotation in the assignment of undesirable tasks.

(4) The use of derogatory or offensive terms in referring to minority groups.

If investigation reveals a pattern of discrimination or the existence of unsound personnel policies and procedures, the Employment Policy Officer should bring the matter to the attention of the proper administrative authorities for prompt and effective correction.

The regulations of the Committee specify certain requirements that must be met by an employee or an applicant who desires to file a complaint of discrimination. They are as follows:

"Each complaint must --

(1) Specify whether the alleged discrimination is based on race, color, religion or national origin.

(2) Disclose the specific action or personnel matter about which complaint is made.

(3) Identify the position involved, its grade and the unit or office in which located.

(4) Identify the official responsible for the action, if known.

(5) Give the date of the action.

(6) Contain all factual information which the complainant may have to support the allegation of discrimination.

In addition to the foregoing a complaint involving a disciplinary action /including removal/ must set forth sufficient facts or circumstances to form a substantial basis to support the specific allegation of discrimination as opposed to the complainant's denial of a 'letter of charges' on which the disciplinary action was based."

When a complaint is received that fails to comply with these provisions of the Committee's regulations, the complainant should be informed of the specific requirements and given an opportunity to submit the required information. If he is unable or unwilling to do so, the complaint need not be accepted for formal processing under Executive Order 10590.

It will be noted from the regulations quoted above that a complaint resulting from disciplinary actions is not acceptable on a mere denial of the charges on which the action was based. The allegations in these cases must be supported by evidence beyond mere expressions of belief that discrimination has been a factor in the case. As indicated above, any complainant who has not complied with the regulatory requirements should be permitted to do so. Complainants whose cases are not accepted for any reason have the right to request that the case be referred to the Committee for advisory opinion.

Memorandum No. 5 - November, 1955.

"Pamphlet entitled 'Some Questions and Answers on the Non-Discrimination Policy of the Federal Government'"

The pamphlet transmitted with this memorandum was prepared for the purpose of furnishing answers to frequently recurring questions on the nondiscrimination policy in the Federal Government. Experience has shown that it has served a useful purpose. The answers to some of the questions are designed to be of direct help to Employment Policy Officers in their work, while others are intended to be helpful to supervisors, to those who wish to file a complaint, or to those who are merely interested in the policy of nondiscrimination.

Memorandum No. 7 - February, 1956.

"Duties and Responsibilities of Employment Policy Officers and Deputy Employment Policy Officers."

Memorandum No. 2, hereinbefore described, was prepared for the use of those who are designated to investigate and process an individual complaint. It deals with methods of handling cases where employees or applicants allege that they have been the victims of actual acts of discrimination because of race, color, religion or national origin. In such cases, it is necessary to make a thorough investigation of the allegations, to provide a hearing for the complainant if he desires one, to secure a decision from the head of the department or agency, and an advisory opinion from the Committee, if either the complainant or the agency desires it.

While this procedure is essential when a complaint has actually been lodged in accordance with the regulations, it is at best time-consuming. How much better it would be if the causes of complaints could be removed! There will always be those who complain. But if the causes of complaints could be removed the number would be greatly lessened immediately and in time there would be few indeed.

From the date of its first meeting the Committee has actively advocated a program of watchfulness, of persuasion, and of education that would eliminate, as far as it is possible to do so, all causes of complaints of discrimination based on race, color, religion or national origin. It has advocated merit and fitness as the sole criterion for all personnel actions.

Since Employment Policy Officers are charged with direct responsibility for effectuating the policy of non-discrimination, the Committee has been anxious to enlist their complete cooperation. Only in this way can the best enforcement and preventive work be done. To assist Employment Policy Officers in the discharge of their challenging responsibilities, Memorandum No. 7, attached hereto, was prepared.

The check list which accompanies Memorandum No. 7 was prepared for ready reference in that phase of the non-discrimination policy having to do with the prevention of acts of discrimination and of causes of complaints. Specific suggestions as to methods of implementing the various actions suggested by the check list have not been provided. The Committee believes that the Employment Policy Officer can best determine the most effective methods to be employed, based upon the organization of the unit under consideration and the personalities of the employees and management.

The Committee believes that an active program of prevention of acts of discrimination, based on the points raised by the check list, is absolutely essential if significant progress is to be made in achieving the purposes of Executive Order 10590.

Upon request, the Committee will be glad to render any possible assistance in the way of materials and suggestions in furtherance of this phase of the non-discrimination program.

Memorandum No. 8 - February, 1956.

"Digests of Typical Complaints of Discrimination."

After analyzing a large number of complaint cases in which discrimination was alleged, the Committee concluded that a digest of several typical cases might be helpful to Employment Policy Officers and others having responsibility for implementing Executive Order 10590.

April 13, 1960

The White House

Washington

THE CABINET

Recommendations from the President's Committee on Government Employment Policy

The attached approved paper is circulated for action by each Member of the Cabinet and Agency Head.

The Recommendations of this paper have been approved by the President following the Cabinet discussion of March 25, 1960 (RA - 60-150, Item 1).

Recipients of this paper are asked to insert Tabs C and E from their earlier version of the paper or from supplies available at the office of the Chairman of the President's Committee (code 129, extension 4830).

Robert Gray
Secretary to the Cabinet

CP - 60-107

CABINET PAPER—PRIVILEGED

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April 13, 1960

The White House

Washington

THE CABINET

Recommendations from the President's Committee on Government Employment Policy

Problem:

To give full support to the work of the President's Committee on Government Employment Policy in order to maximize its effectiveness and to ensure the implementation of Executive Order 10590.

Background:

On January 18, 1955, the President issued Executive Order 10590 (Tab A). Its first three paragraphs set Administration policy in this area; its Section 1 established the President's Committee on Government Employment Policy (membership listed in Tab B).

Sections 3-6 of the Order specify the responsibilities of the heads of executive departments and agencies.

Conclusions:

While the responsibilities of the department and agency heads are being assumed creditably, there is still an appreciable distance to go before it can be said that the purposes set forth by the President are being accomplished 100 percent. The President's program in this field can be accelerated and the members of the Cabinet can help with this acceleration as follows:

Recommendations:

1. The Executive Order and reports and general communications from the President's Committee addressed to department heads should be more widely circulated within the departments and more systematically brought, by each head, to the attention particularly of those of their subordinates who have responsibilities in the personnel area. In addition to the Executive Order itself, an example of such a communication is Tab C: "Human Relations in Federal Employment"; additional copies of this are available from the Committee.

2. Each department head should incorporate permanently into the existing in-service supervisory training program conducted in his department, additional in-service training directed toward carrying out the President's nondiscrimination policy. This additional training should be consistent with what the Committee has developed: a format for a three-part course (attached as Tab D).

3. Each Cabinet member should ensure that his department not only has an Employment Policy Officer, but, as is also

authorized in Section 5 of the Executive Order, has a Deputy Employment Officer in every major subordinate unit, especially in each sizeable field establishment. The Committee's Handbook for Employment Policy Officers and Deputy Employment Policy Officers is attached as Tab E; more copies are available from the Committee. Department heads should require special or periodic reports from the Employment Policy Officers so that the problems with which they deal are known at top level.

4. Cabinet members should keep more closely aware, personally, of the presence and the extent of the practice of discrimination in federal employment. There are not one, but many categories and forms of discrimination, all of which together pose a positive threat to sound administration and to national morale.

5. Cabinet members should find occasions to demonstrate their personal concern with the implementation of the President's program, e.g., they should help ensure that the area conferences called by the Committee are attended by senior departmental officials.

Concurrences:

The Chairman, Civil Service Commission

The Special Assistant to the President for Personnel Management

TAB A

EXECUTIVE ORDER
10590

- - - - -

ESTABLISHING THE PRESIDENT'S COMMITTEE ON GOVERNMENT EMPLOYMENT POLICY

WHEREAS it is the policy of the United States Government that equal opportunity be afforded all qualified persons, consistent with law, for employment in the Federal Government; and

WHEREAS this policy necessarily excludes and prohibits discrimination against any employee or applicant for employment in the Federal Government because of race, color, religion, or national origin; and

WHEREAS it is essential to the effective application of this policy in all civilian personnel matters that all departments and agencies of the executive branch of the Government adhere to this policy in a fair, objective, and uniform manner:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States, and consistent with the provisions of section 214 of the act of May 3, 1945, 59 Stat. 134 (31U.S.C. 691), it is hereby ordered as follows:

Section 1. There is hereby established the President's Committee on Government Employment Policy (hereinafter referred to as the Committee). The Committee shall be composed of five members, as follows: (a) One representative of the Civil Service Commission, to be designated by the Chairman thereof, (b) one representative of the Department of Labor to be designated by the Secretary of Labor, (c) one representative of the Office of Defense Mobilization, to be designated by the Director thereof, and (d) two public members to be appointed by the President. Not more than two alternate public members may be appointed by the President as he may deem necessary. Three members of the Committee shall constitute a quorum, provided that at least one public member or alternate public member is present. The President shall designate the Chairman and the Vice-Chairman of the Committee, and each member of the Committee shall serve at the pleasure of the President.

Section 2. The Committee shall:

(a) Advise the President periodically as to whether the civilian employment practices in the Federal Government are in conformity with the non-discriminatory employment policy recited in the preamble of this order, and, whenever deemed necessary or desirable, recommend methods of assuring uniformity in such practices;

(b) At the request of the head of a department or agency, or the Employment Policy Officer thereof, consult with and advise them concerning non-discriminatory employment policies under this order and regulations of such department or agency relating to such policies;

(c) Consult with and advise the Civil Service Commission with respect to civil-service regulations relating to non-discriminatory practices under this order;

(d) Review cases referred to it under the provisions of this order and render advisory opinions on the disposition of such cases to the heads of the departments or agencies concerned;

(e) Make such inquiries and investigations as may be necessary to carry out its responsibilities under this section.

Section 3. The head of each executive department and agency shall be responsible for the effectuation of the policy of this order with respect to all civilian personnel matters under his authority and shall:

(a) Prescribe regulations for the administration of the employment policies under this order that will insure a complainant of an appeal to the proper authorities within his department or agency, a fair hearing, and a just disposition of his case. The regulations shall in all cases provide that subsequent to the recommendations of the Employment Policy Officer, as provided in section 6(b) of this order, and prior to the final decision of the department or agency, and upon the written request of the complainant, the complainant's case shall be referred to the Committee for its review and an advisory opinion as provided under section 2(d) of this order.

(b) File with the Committee a copy of the regulations prescribed for his agency pursuant to subsection (a) of this section, and report to the Committee all instances in which complaints are made regarding the actions of the department under the policy of this order, together with a statement of the disposition made of the complaint.

Section 4. The head of each executive department and agency, or his designated representative, may refer any case coming within the purview of this order to the Committee for review and an advisory opinion whenever he deems necessary.

Section 5. The head of each executive department and agency shall designate an official of his department or agency as Employment Policy Officer, and shall designate such Deputy Employment Policy Officers as may be necessary to assist the Employment Policy Officer to effectively carry out the policy of this order. The position of Employment Policy Officer shall be established outside of the division handling the personnel matters of the department or agency concerned. Each Employment Policy Officer shall be under the immediate supervision of the head of his department or agency, and shall be given the authority necessary to enable him to carry out his responsibilities under this order. All officials and employees of each department and agency shall be advised of the name of its Employment Policy Officer.

Section 6. Each Employment Policy Officer shall:

(a) Advise the head of his department or agency with respect to the preparation of regulations, reports, and other matters pertaining to the policy of this order and the conformity therewith of the conduct of personnel matters in his department or agency;

(b) Receive and investigate complaints of alleged discrimination in personnel matters within his department or agency and make recommendations to appropriate administrative officials for such corrective measures as he may deem necessary;

(c) Appraise the personnel operations of the department or agency at regular intervals to assure their continuing conformity to the policy expressed in this order.

Section 7. The Civil Service Commission shall in connection with its responsibilities under the law issue such regulations as may be necessary to implement the policy of this order.

Section 8. This order supersedes Executive Order No. 9980 of July 26, 1948, and the Fair Employment Board established thereby in the Civil Service Commission is abolished. The records and property of the Fair Employment Board shall remain with the Civil Service Commission and shall be available for the use of the Committee.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,

January 18, 1955

TAB B

Public Members:

1. Archibald J. Carey, Jr., Chairman
   Minister, Quinn Chapel, Chicago
   Attorney at Law
   President, Illinois Federal Savings and Loan Association

2. Branch Rickey, New York City
   President, Continental League

3. Milton H. Biow, New York City
   President, Milton H. Biow & Company
   (Promotions and Public Relations)

Government Members:

4. W. Arthur McCoy, Civil Service Commission
   Former Chief, Examining and Placement Division
   Former Chairman, Fair Employment Board

5. Charles H. Kendall, Office of Civil and Defense Mobilization
   General Counsel

6. Mrs. Alice K. Leopold, Department of Labor
   Special Assistant to the Secretary
   Director, Womens Bureau

7. Honorable Charles C. Finucane, Department of Defense
   Assistant Secretary in charge of Manpower and Personnel

   Judge Stephen S. Jackson, Deputy Assistant Secretary
   of Defense (Alternate)

Alternate Public Members:

8. Mrs. Jane Warnock, Eagle Butte, South Dakota

9. Attorney William T. Coleman, Jr., Philadelphia

HUMAN RELATIONS
IN
FEDERAL EMPLOYMENT

THE PRESIDENT'S COMMITTEE
ON
GOVERNMENT EMPLOYMENT POLICY

Washington 25, D. C.

THE PRESIDENT'S COMMITTEE ON GOVERNMENT EMPLOYMENT POLICY

Archibald J. Carey, Jr., *Chairman*
Minister, Quinn Chapel
Attorney
Chicago, Illinois

Branch Rickey, *Vice Chairman*
President, Continental League
Pittsburgh, Pennsylvania

The Honorable Charles C. Finucane
Assistant Secretary of Defense
Department of Defense

Milton H. Biow
Chairman, Biow Co.
New York, N. Y.

W. Arthur McCoy
Former Chairman
Fair Employment Board
Civil Service Commission

Charles H. Kendall
General Counsel
Office of Civil and Defense Mobilization

William F. Patterson
Special Assistant to the Secretary of Labor
Department of Labor

ALTERNATE PUBLIC MEMBERS

Mrs. Jane F. Warnock
Eagle Butte,
South Dakota

Mr. William T. Coleman, Jr.
Attorney
Philadelphia, Pennsylvania

EXECUTIVE STAFF OF THE COMMITTEE

Ross Clinchy, *Executive Director*

Gwendolyn M. Tine, *Examiner*

Frederica B. Banks, *Secretary*

This pamphlet was prepared by Dr. Ross Clinchy, Executive Director of the Committee, with the advice and suggestions of members of the Committee.

40-22/60

INTRODUCTION

This pamphlet is designed to be of practical help to supervisory personnel in dealing with some of the matters which arise under President Eisenhower's program of equality of opportunity in Federal employment matters, as set forth in Executive Order 10590 on January 18, 1955. It is not an attempt to provide answers to the major problems of racial or inter-religious relations with which our nation is faced today, nor does it give special consideration to any particular minority group. What it does contain is some information on what the program really means, some facts about who we Americans are in terms of our racial, religious, and nationality backgrounds, something about the attitudes that cause the problems, and some common-sense rules about the handling of these sensitive problems as they arise in governmental operations.

The problems touched upon in the pamphlet are complex, and cannot really be dealt with adequately in brief form. It has been necessary here, however, to deal with them in this fashion. Supervisors who wish more information about any particular phase of the matters discussed here can obtain suggestions on additional material by writing to the President's Committee on Government Employment Policy in Washington, D. C.

WHY HAVE AN EQUAL OPPORTUNITY EMPLOYMENT POLICY?

This question is a fairly common one, and many sincere individuals have asked it of the President's Committee. Behind their question is the thinking that in general everyone is favorably disposed to the principle, and that the setting up of special procedures to implement the policy only complicates the problem and draws too much attention to it.

The basic reason for the policy requires little discussion. Our American tradition is founded on the theory of individual rights and freedoms which are part of our birthright as American citizens, and on the idea that while as individuals we differ in intelligence and ability, we do have the right to equality of opportunity. Every American deserves the chance to make the most of his abilities.

Related to this basic principle are other important reasons. Not only is it fair and just that all Americans be given equal opportunity, but it is a clear fact that America needs all of the skills and abilities it can muster. Americans who have these needed skills and abilities--and they exist in all racial and religious groups--should not be denied the right to use them if for no other reason than that our nation needs them.

In addition to the moral and economic reasons are the facts of international relations. We as a nation are dedicated to democratic principles in what may be a long struggle with Communism for a free and peaceful world. This struggle is to a great extent being fought with ideas. But we cannot convince others of the blessings of freedom if we do not practice what we preach. Therefore our Federal government must do all possible to set its own house in order.

But what about the argument that such a policy as that expressed by the Executive order only stirs up trouble and creates problems where they had not existed before?

The first answer to this is that the problems have always existed and were not created by any order. What is happening under the order is that situations involving discrimination are now being made known. Of course the order has also made it possible for non-valid complaints to arise, but until any complaint is investigated there is no way of knowing whether or not it is valid.

The second answer is that the procedure which the fair employment policy provides should be regarded as a technique for treating an illness in personnel relations--not as the introduction of a new irritant.

WHAT DOES THE EMPLOYMENT POLICY PROGRAM REALLY MEAN?

In the first place, what the order does mean is that members of all groups should receive equal consideration in the personnel actions of the Federal government. It means that the abilities of the individual should be the determining factor, not his race or his religion or his nationality background. It means that the best person available should receive appointment or promotion.

It does not mean that members of minority groups should be employed regardless of merit or fitness. It is not designed to promote the welfare of any particular group beyond the spirit and intent of the merit system. To do otherwise would be to violate the spirit of the entire merit system.

The importance of the supervisor to the success of this policy can hardly be overestimated. He or she is in a key position in many of the personnel actions of the civil service. The supervisor who persists in discriminating can of course do so in many ways which may not directly involve a question of hiring or promotion; favoritism to others, cutting remarks, hostile or brusque speech or manner are only a few of the ways in which members of minority groups are accorded different treatment. But whether the discrimination be hidden or outward, it can do a great deal of damage to the morale of the unit. It is a mark of unenlightened supervision.

IS DISCRIMINATION SOMETHING NEW IN AMERICAN LIFE?

Throughout our history this nation has been traditionally regarded as a haven for oppressed peoples of the Old World. And so it was for many of those who have come here since our pre-colonial days. Group after group came to seek religious, economic, or political freedom.

Yet it is a strange fact of social behavior that some of those who sought freedom from persecution were in turn unwilling to grant it to others. Some of the religious groups which settled in early New England refused to grant to minorities within their colonies the right to worship as they wished. Later immigrant groups--particularly during the great immigration period of the nineteenth century--found themselves regarded with suspicion and resentment; early Irish immigrants in Boston, for example, were not wanted.

There are other examples in our history which show that many immigrant groups were met with suspicion, and that many of those groups in turn regarded later arrivals with that same resentment. The plain truth is that a certain amount of discrimination has been with us for a long time, and has been apparent in varying degrees of intensity and against a wide variety of groups. At the same time, our tradition of freedom and of opportunity has made it possible for group after group to overcome these early resentments and make its contribution to American life.

WHO'S WHO IN AMERICA?

Because we are a nation of immigrants, it is natural that we should be a nation of many different kinds of people. Through association and intermarriage, some of our nationality groups have lost their identity to a considerable extent. But in a very clear sense our religious and racial groups remain distinct, and we still have some clearly defined nationality groups. In short, we are a people of differences in terms of our backgrounds.

Religiously we look about as follows, in terms of population percentages:

Evangelical Protestant	60%	
Roman Catholic	30%	
Jews	6%	
Anglican Episcopalians	2%	(Of total church membership)
Eastern Orthodox	1%	
Others	1%	

On the basis of race and nationality descent, we look as follows:

Anglo-Saxon	49%	
Teutonic	12%	
Negro	11%	
Irish	8%	
Slavic	7%	
Italian	4%	
Scandinavian	3%	(Of the total population)
French	2%	
Finn	1%	
Lithuanian	1%	
Greek	1%	
American Indian	Less than 1%	
Orientals, Philippinos, and Mexicans	Less than 1%	

D. E senhower Library

Our differences, therefore, are facts of our national life, and we cannot wish them away. Instead, we must learn to understand them and to live with them. Nor is there much point in being disturbed by such differences. Many social scientists believe that much of America's greatness comes from these very differences, in the sense that each group has had something unique and stimulating to give to the nation. Whatever the point of view, the important thing is that there is nothing dangerous or forbidding about our differences.

WHY DOES DISCRIMINATION EXIST?

The basic cause of discrimination usually lies in personal feelings of prejudice--a combination of hostility, fear, resentment or dislike of members of other racial, religious or nationality groups. We can of course be prejudiced against things; many people will not eat spinach in any form, or will not drive a particular make of car. This kind of prejudice does no particular harm, unless in the case of the automobile it puts a company out of business. We can also be prejudiced against certain economic classes of people, such as policemen, or school teachers, or hod-carriers; if there is enough of this, policemen or school teachers or hod-carriers can be hurt. But prejudice against groups of people on the basis of religion or race can result in widespread discrimination against the group, with the resulting denial of the rights and opportunities of individuals. For prejudice is always directed toward all members of the group--good, bad, or indifferent.

It is important to make a distinction between the term prejudice and the term discrimination. A prejudice is an attitude--an emotion or a state of mind which an individual may have toward ideas or objects or people. In the sense we are using it here, it is a feeling of dislike and sometimes hatred toward groups of people. Discrimination, on the other hand, is the action which results from a feeling of prejudice. Such action can of course take many forms, running from the sneering remark to physical violence. Whatever its form, it is an act which violates the right of some one else.

The reasons for prejudice are extremely complex. Some social scientists say it is the result of historical factors. Some say it is due to social pressure or family environment. Some believe that misinformation is a basic cause. Still others believe that prejudice is deeply rooted in an individual's personality, and that certain types of personality are more likely to be prejudiced than others; one example of this would be the individual who is prejudiced because he needs to feel superior to others.

There is a general agreement, however, that prejudice is learned. We are not born with it. Young children can acquire it as they grow older. They have to be taught to dislike members of other groups, and they can be taught by their parents or associates, or influenced by many other factors of their environment.

An important part of prejudice is the process which the scientists call "stereotyping", or the process of making unwarranted generalizations about other groups of people. Most of us generalize about the things we see. But we also allow for a good many exceptions. But the person who stereotypes people assumes that all members of the group have certain very definite and unfavorable characteristics. The exceptions he may see do not change his generalizations.

Prejudice depends a great deal on these generalizations. We label certain groups and we refuse to make exceptions, or if we do find exceptions we refuse to consider the possibility that our generalization will not hold up. Therefore we discriminate against all members of the group.

It is also true, of course, that prejudice and discrimination can be seen in members of every group--minority or majority. Members of minority groups may make the same generalizations and may have the same dislikes for majority groups as some members of majority groups have for them. But usually the majority groups are in a better position to do the discriminating.

The important truth in all of this is that prejudice is not an unchangeable fact of human nature. It is in part something that people learn, and very often it can be unlearned or lessened. Nor is it always directed toward the same group; it can shift with the passage of time or change its direction to new targets.

WHAT ABOUT THE BEHAVIOR OF MINORITY GROUPS?

A great many people have an entirely different explanation for prejudice. "Prejudice can't be blamed on the individual", they will say, "but it is the fault of the way in which minority groups act. If some racial and religious groups did not have annoying characteristics, no one would discriminate against them. They're always butting in where they're not wanted."

This is a very easy idea to accept, because it seems to explain our feelings so simply. We are apt to form our opinions about groups from the judgments we make of some of their members, and to conclude that all members of those groups have the same characteristics.

But the facts of evidence known about these feelings of ours tell us something which is quite different. Prejudice is not always the result of careful observation on our part, but may exist because we want to feel that way about other groups, and we look for instances which seem to justify our generalizations. The curious thing about the labels which we apply to other groups is that they are so often contradictory. Some racial groups are seen as lazy, inefficient, or unambitious, but they are also typed as cunning, conniving or untrustworthy. Some religious groups are accused of clannishness and at the same time of pushing their way into other groups. Yet when we observe bad behavior by members of our own groups, we never assume such behavior to be typical.

What often really happens when we generalize about groups is that we make them whatever we want them to be.

The main point here is that our stereotypes don't always make sense, if simply because of the many exceptions for which we have to make allowances. The truth is that every group has its stupid and its intelligent, its able and its inefficient, its honest and its dishonest. The danger of stereotyping is that it punishes the able and intelligent members for what we may think of the less attractive members of the group.

If there is one sound rule to follow in matters of human relations, it is that individuals must be judged on their individual merits.

HOW DOES THIS INFORMATION RELATE TO MATTERS OF FEDERAL EMPLOYMENT?

Executive Order 10590 is concerned primarily with the problem of discrimination. It is aimed at preventing acts of discrimination in Federal personnel matters. No one involved in the program would hold the supervisor responsible for changing the attitudes of his employees.

But the supervisor does have a responsibility to prevent discrimination in his particular unit, and the problem of discrimination is better understood if the cause of it is made clear. On the basis of the above information, it is clear that part of the problem is caused by the fact that we are a nation of differences; if we were all alike discrimination on the basis of race or creed would be impossible. These differences are a natural result of our historical development. It is also clear that behind the fact of discrimination is the existence of prejudice--feelings of dislike, distrust, or resentment which are often unconscious and which take the form of generalizations about other groups. These generalizations or stereotypes are not born within us, but are learned or acquired as we grow older.

From what we do know about prejudice and discrimination, some very sound rules of procedure can be applied to the matter of discrimination as it may exist in agencies of the Federal government. They might be listed as follows:

1. Since prejudice is a fairly common factor in human relations (some authorities estimate that nearly fifty percent of our population is influenced by it in varying degrees), it can exist in governmental activities as well as in many other areas of human activity.

2. There is, however, no unbroken relationship between prejudice and discrimination. People may be prejudiced, but often will not discriminate for various reasons; they will act as they think their surroundings indicate. Thus a prejudiced person coming into a situation in which discrimination is not accepted, or "not the thing to do", will usually go along with the group. There are exceptions to this, of course, but by and large even prejudiced people want the approval of their fellows. If they do not get this approval, they won't necessarily change their feelings but they usually will control their actions.

3. Where there is a clear line of authority on the non-discrimination policy, therefore, people will tend to go along with the rules and regulations even though their feelings about the regulations are

unchanged. If this sounds like unfair suppression, it might be noted that working for the Federal government is a privilege, not a right. In this respect, it is like any other employment invoking adherence to the "company rules."

4. It's a sound rule that discrimination will be perpetuated if the argument that "this is the way we've always done it" is accepted in government units. The line of least resistance is a fertile ground for discrimination.

5. Experience also shows that one of the most effective cures for prejudice is the simple experience of working with members of minority groups who do not fit the stereotypes of the prejudiced person. This is one way in which prejudice can be "unlearned."

6. All of the experience of the President's Committee shows that the feared results of hiring minority group members usually disappear once the action is taken. Workers do not resign in spite of threats to do so.

7. One of the valid rules in handling minority-group problems is that every person ought to be judged on the basis of individual ability, and not by racial or religious background. But at the same time, group differences can be important in explaining individual behavior--particularly when some members of minority groups are sensitive about their membership. Both individual and group differences need to be accounted for in dealing with people.

8. Nothing is resented as much as the use of insulting names regarding a race or religion. This can sometimes be resented more than a direct act of discrimination.

9. Many complaints of discrimination arise because the complainant was never given the courtesy of a sympathetic interview at the very beginning. The Committee knows of many cases which could have been settled without formal review had the individual been listened to in the first place. Resentment or anger have never yet settled a complaint.

10. At the same time, any criticism of an offending employee should be handled in a private interview. Prejudice is an intensely personal matter; no one expects the supervisor to cure it, but he can prevent acts of discrimination by a tactful reminder of the proper policy and a firm insistence on its acceptance.

A LOOK AHEAD

The policy of the President is firm and clear on this matter of equality of opportunity in the personnel matters of the administrative branch of the Federal government. It looks toward an administrative operation in which fairness and justice will be the keynote of all personnel operations, and in which every citizen, whether he be an applicant for employment or an experienced career employee, will know that he will be judged without regard to his race, creed or religion.

We are well along the way toward that goal. The ultimate success in realizing it, however, will depend in the last analysis upon the willingness of all those concerned with administrative operations to make equality of opportunity a fundamental part of their day-to-day outlook toward their job. Such an attitude does justice to the spirit of the Executive order and to the finest American traditions, as well as paying dividends in good administration and the high morale of employees.

USCSC—WASHINGTON D C

TAB D

PHASE ONE - SESSION OUTLINE

I. Develop these points briefly

A. The supervisor's job
B. Executive Order 10590
C. The importance of the Order
D. The role of the President's Committee
E. The complaint procedure

II. Develop these points through group discussion

A. What do we mean by discrimination? What form does it take in government employment?	A. Use list in discussion guide to bring this out.
B. What are the reasons for these actions? Why do they occur in employment practices? How valid are these fears?	B. The existence of certain fears. Use material in discussion guide. Discuss, from the experience of the supervisors.
C. Do attitudes play a part?	C. The existence of certain attitudes. Bring in factors of stereotypes and prejudice.

PHASE TWO - SESSION OUTLINE

I. Introduce the Film, "The High Wall."

- A. Tell group to look for the causes of prejudice as portrayed in this film.
- B. Tell group to look for the reasons why members of the same family were affected differently.

II. Show Film.

III. Develop these points through discussion:

- A. What were the causes for prejudice as portrayed in this film?
- B. Why were some members of the family affected, and not others?
- C. Are there any other possible causes of prejudice not brought out by the film?
- D. Could this emotion be a factor in government operations?

PHASE THREE - SESSION OUTLINE

I. **Develop agreement that discrimination is something we may have to consider as supervisors**

II. **Read and discuss Cases A, B, and C individually and develop the following points as possible supervisory problems:**

   A. **Possible over-sensitivity of members of minority groups**

   B. **Outright expression of prejudice by employees**

   C. **Antipathy of employees toward members of minority groups**

III. **In discussing the cases also discuss what the supervisor himself can do to fulfill his obligations under the Executive Order. Bring out the following points:**

   A. **Equality of treatment in hiring, promoting, disciplining or firing**

   B. **Firmness in treatment of offenders of the policy**

   C. **Judgment of workers as individuals, not as members of groups.**

HANDBOOK

for

EMPLOYMENT POLICY OFFICERS
and
DEPUTY EMPLOYMENT POLICY OFFICERS

This Handbook is designed to be of assistance to Employment Policy Officers and their deputies in the discharge of their responsibilities under Executive Order 10590.

The President's Committee on Government Employment Policy
Washington 25, D. C.

WHY DO WE HAVE A NON-DISCRIMINATION POLICY?

One of the questions which may sometimes confront you in your responsibility as an Employment Policy Officer[*] is, "Why do we need such a policy, and why is it necessary"?

The question is not absurd, and may be asked in good faith. Usually it is asked by those who take the position that discrimination is not much of a problem in Federal employment, and that stressing the matter by providing for all the pertinent regulations is only making the matter worse by overemphasizing its importance. It would be better, they will say, to "let sleeping dogs lie", and to let time and the natural course of events correct any troublesome situations.

Usually this approach is the result of . lack of complete understanding about the purpose and need of the policy. There are some very important reasons behind it, and the more clearly they are understood by those who will ask you this question, the more effective you will be as an Employment Policy Officer.

To begin with, the motivation of the policy lies deep in the basic principles of what we usually refer to as the "American Way of Life", or the "American Creed." Naturally interpretations of this way of life or creed differ on many secondary issues. But expressed in the Declaration of Independence and running through some one hundred and eighty years of American life and history has been the unique political and social concept that the individual is of supreme worth, that in this worth he is created equal to his fellow-man, and that from this worth flow many of the rights and freedoms which have become deeply imbedded in our entire political, economical, and social structure as a nation.

Strongly interwoven with this creed has been the idea that opportunity in America is open to any man who wishes to make the most of his abilities. This has been so much a part of our development as a nation that it provides one of the great currents in the mainstream of America's history, from the early development of the frontier to the present time. To ignore it is to badly misinterpret the forces that have created the nation as it stands today.

The concepts of individual worth, and of individual liberties and opportunities, then, are fundamental to the American idea or creed, and the creed has had much to do with the formation of American democracy. It is in a sense the very heartbeat of the nation.

Recognizing this, it is not difficult to understand why the idea of equal opportunity for all citizens, in order that each may realize his full potentiality, is and has been a great moral force in the nation's conscience. Because the Federal government is a particularly sensitive barometer of that conscience, it is equally understandable that Federal employment should reflect the idea of equality of opportunity. It is the servant of all the people, and it can do nothing less than represent the highest standards of this national conscience. The non-discrimination policy is therefore the means by which this concept of equality of opportunity is being translated into actuality by assuring that in matters of Federal employment merit and fitness alone shall be the criteria.

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[*] To avoid repetition, only the term "Employment Policy Officer" is used in this handbook. The material is equally for the use of "Deputy Employment Policy Officers".

At the present time there is an even greater purpose for the establishment of such a policy. The whole idea of the American way of life--the creed we have mentioned--is being challenged more seriously and more desperately than ever before in our history. Communism ridicules and debunks this creed, making the counter-claim that the Communist state offers far more to the individual. We are engaged in what may be long years of struggle in the "cold" war of ideas. In this ideological conflict, the Federal government cannot avoid its own responsibility of exemplifying the concept of fair and equal treatment of its employees. It must stand in the fore-front on this question, and any failure on its part to represent the highest standards of employment policy will cast a long shadow on the face which the nation turns to the world.

So much for the purpose behind the policy, and now as to the need.

In spite of the pervading moral force of the American creed, and in spite of the great emphasis we put on the concept of opportunity, there have been many situations in American life where opportunity has been denied to American citizens because of their identification with racial, religious or nationality groups. This denial has been for the most part based on judgements by other Americans of what they considered to be the undesirable characteristics of these groups--as groups. Such judgements may have resulted from a process of observing undesirable characteristics of some members of the group and of applying such characteristics to all members of the group. These mental processes have had many causes which need not be discussed here. The important point is that the judgements have resulted in the denial of opportunities to many individuals who actually do not represent the supposed group characteristics.

Discrimination, or denial of opportunity on the basis of preconceived judgements, has therefore been a fact of our national life. While it has taken various forms, its effect in the matter of narrowing employment opportunities has been one of its important characteristics. And while much progress has been made in this matter, it still appears in various ways in American life.

As a major employer in our economy, the Federal government has not in the past been free from such discrimination. Government is not so isolated from American life that it is not affected by the mores or attitudes of our various communities; it is instead an integral part of these communities. Consequently as late as 1941, when the war effort gained momentum, it was felt that discrimination in Federal employment was widespread enough to call for the issuing of a policy which would work toward eliminating such discrimination and making use of all of the qualified manpower available. The policy lapsed at the end of the war, but was renewed again by Executive Order 9980 in 1948 and by Executive Order 10590 in 1955.

Thus, while the impetus for enforcement of the policy was war-generated, the need has been apparent for some time. And while considerable progress has been made in eliminating this kind of discrimination in Federal employment, the task still remains a considerable one. Much yet remains to be done.

To those who would doubt the essential reasons for the policy, or who deny its need, you as an Employment Policy Officer are on firm ground. You represent a policy which is grounded in the very bed-rock of the nation's past and present. And it has been brought into being in answer to practices which have been clearly apparent and which continue to exist in some forms and to some extent as a denial of the basic principles of the merit system and of the principles the nation proclaims to the world. Your cause is a just and proper one.

THE ROLE OF THE EMPLOYMENT POLICY OFFICER

You are important to the non-discrimination policy for a number of reasons, the least of which is that your agency head must rely a great deal on your help if and when a question of discrimination ever arises in your agency. Much of the real success of the policy, however, depends upon what you do or do not do as an Employment Policy Officer.

The head of your agency or field installation is directly responsible for all matters pertaining to discrimination within his administrative jurisdiction, and he in turn is responsible to his superior. The Executive Order establishing the policy is clear on this. The Order says, in effect, to the agency heads, "Gentlemen, put your particular house in order on this matter of discrimination, and see to it yourselves that your personnel actions are not affected by any taint of discrimination." There's no doubt, then, as to where the initial responsibility for the policy lies.

Agency administrators, however, whether they be Cabinet Secretaries or the head of a field establishment, have a multitude of responsibilities. They must delegate authority, and the non-discrimination policy is no exception to this. The position of Employment Policy Officer was created with this delegation of authority in mind. You, too, have other duties and responsibilities, but as the Employment Policy Officer in your agency you have a particular responsibility for this policy in that your agency head must rely on you for the direct implementation of the policy.

Unless you are in a position where you have staff assistance in personnel matters of this kind, the burden of being fully informed in all aspects of the policy as it relates to your agency falls heavily on your shoulders. You are the one who should become the "expert" on all matters of discrimination within your agency.

The Dwight

Your responsibility, then, is to your agency head, who must rely on your information in carrying out his own job of "setting his house in order." As such, you will have to wear a number of hats if you do a thorough job. You may have to be a resource of information, as investigator, a guide and counsellor, a judge, and to some extent a social scientist.

All of this is not designed to overwhelm you. As we mentioned in the beginning, much of the success of the policy depends upon what you do or do not do. If you limit your function only to investigation of complaints, you may find your duties very light; you may even never receive a complaint in your agency. But you cannot count on this, and you will never be a determining influence in developing a firm policy in your agency if you limit yourself to being a fireman who moves only when the bell rings.

In other words, you can make of this responsibility whatever you wish to. You can do very little without any particular repercussions; on the other hand, the more you make of the job the more effective the policy will be in your agency.

PROVISIONS OF EXECUTIVE ORDER 10590

Sections 3, 5, and 6 of the Order are of particular concern to Employment Policy Officers. They are quoted in full for ready reference with brief comments relative to each section.

> "Section 3. The head of each executive department and agency shall be responsible for the effectuation of the policy of this order with respect to all civilian personnel matters under his authority***."

The Order adopts the premise that discrimination is a problem of management. Section 3, quoted above, places responsibility for carrying out the non-discrimination policy with management, where it rightfully belongs. The primary function of the Committee is to assist the departments and agencies with the responsibilities assigned to them by this section of the Order. The Committee is discharging its responsibilities to the agencies by rendering advisory opinions on individual cases, by issuing instructional memoranda to agency heads, by holding area conferences with the heads of field establishments, employment policy officers and their deputies, and by making the staff available for consultation at all times.

> "Section 5. The head of each executive department and agency shall designate an official of his department or agency as Employment Policy >Officer, and shall designate such Deputy Employment Policy Officers as may be necessary to assist the Employment Policy Officer to effectively carry out the policy of this order. The position of Employment Policy Officer shall be established outside of the division handling the personnel matters of the department or agency concerned. Each Employment Policy Officer shall be under the immediate supervision of the head of his deparmment or agency, and shall be given the authority necessary to enable him to carry out his responsibilities under this order.

All officials and employees of each department and agency shall be advised of the name of its Employment Policy Officer."

This section provides for the designation of Employment Policy Officers and Deputy Employment Policy Officers, and is otherwise self-explanatory. Three provisions of the section are, however, of particular interest:

(1) The position shall be established outside of the division handling personnel matters.

(2) Each Employment Policy Officer shall be under the immediate supervision of the head of his department or agency.

(3) He shall be given the authority necessary to enable him to carry out his responsibilities under the Order.

> "Section 6. Each Employment Policy Officer shall:
>
> (a) Advise the head of his department or agency with respect to the preparation of regulations, reports, and other matters pertaining to the policy of this order and the conformity therewith of the conduct of personnel matters in his department or agency;
>
> (b) Receive and investigate complaints of alleged discrimination in personnel matters within his department or agency and make recommendations to appropriate administrative officials for such corrective measures as he may deem necessary;
>
> (c) Appraise the personnel operations of the department or agency at regular intervals to assure their continuing conformity to the policy expressed in this order."

This section describes in broad general terms the duties and responsibilities of Employment Policy Officers. It is clear from the language in paragraph (a) that, acting under the direction of the agency or establishment head, Employment Policy Officers and their deputies are charged with the responsibility of carrying out the Federal Government's policy of nondiscrimination. Attention is invited to the Committee's Memorandum No. 7 of February 3, 1956, hereinafter referred to. This memorandum, with attachments, describes the duties and responsibilities of Employment Policy Officers in some detail and provides a check-list for their convenience.

Paragraph (b) deals with the receipt and investigation of complaints of alleged discrimination. Reference should be made to the Committee's Memorandum No. 2 of June 3, 1955. The Memorandum contains suggestions in detail for securing the necessary information in different types of complaint cases. These suggestions were based on experience in dealing with many complaints and adherence to them will, in almost all cases, result in a satisfactory report without the necessity of delay in securing supplemental information.

Paragraph (c) requires the appraisal of personnel operations of the department or agency at regular intervals (underscoring supplied), and is of vital importance, not only as a part of a specific investigation, but for the broader purpose of making certain that such operations are in continuing conformity to the policy expressed in the Order. Information and suggestions on the methods of making appraisals of personnel operations is found in the Committee's Memorandum No. 2 of June 3, 1955.

One of the responsibilities of the Committee is to furnish to the various departments and agencies information concerning the provisions of Executive Order 10590. This has been done. The Committee has also provided the departments and agencies with a variety of materials designed to be helpful to them in performing their duties under the Order. To accomplish this, the Committee has sent to the departments and agencies a number of memoranda, each dealing with some specific phase of the non-discrimination program. The Committee has also prepared for distribution some pamphlets dealing generally with the policy and program of non-discrimination in Federal civilian employment, and has issued two comprehensive reports to the President.

The memoranda to the heads of agencies and the other publications of the Committee are listed below. Copies of any or all of them may be obtained by writing to the President's Committee on Government Employment Policy, Washington 25, D. C.

Memoranda to Departments and Agencies

Memorandum No. 1 - March, 1955
"Regulations and Procedures of the President's Committee on Government Employment Policy"

Memorandum No. 2 - June, 1955
"Procedures for Investigation of Complaints of Discrimination"

Memorandum No. 3 - June, 1955
"A Guide for Discussion in Supervisory Training Programs and Management Conferences"

Memorandum No. 4 - August, 1955
"Use of agency inspection programs to secure information on agency conformity with the non-discrimination policy"

Memorandum No. 5 - November, 1955
"Pamphlet entitled 'Some Questions and Answers on the Non-Discrimination Policy of the Federal Government'."

Memorandum No. 6 - January, 1956
"Survey of Employment of Negroes in full-time Federal Civilian Positions as of March 31, 1956"

Memorandum No. 7 - February, 1956
"Duties and Responsibilities of Employment Policy Officers and Deputy Employment Policy Officers"

Memorandum No. 8 - February, 1956
"Digest of Typical Complaints of Discrimination"

Memorandum No. 9 - April, 1957
"Responsibilities in the Processing of Complaints"

Memorandum No. 10 - May, 1957
"Reports on Complaints of Discrimination"

Memorandum No. 11 - November, 1957
"Revision of the Committee's Regulations"

Miscellaneous Publications

"The Policy of Non-Discrimination in Employment in the Federal Government"

Library The Dwight D

"Fact Sheet for Applicants"

"Human Relations in Federal Employment"

"First Report [to the President] of the President's Committee on Government Employment Policy"

"Second Report [to the President] of the President's Committee on Government Employment Policy"

MEMORANDA PREPARED BY THE COMMITTEE FOR USE BY EMPLOYMENT POLICY OFFICERS

For the convenience of Employment Policy Officers, copies of the Committee's Memoranda No. 2, No. 5, No. 7, and No. 8 are forwarded herewith. In the following Section each of these memoranda is discussed. Some suggestions are also made for their use. It is hoped that these suggestions may be helpful in interpreting the memoranda and in applying their provisions to specific cases.

Memorandum No. 2 - June, 1955.

"Procedures for Investigation of Complaints of Discrimination"

This memorandum describes in some detail the steps to be taken by the Employment Policy Officer upon receipt of a written complaint of discrimination. The first part of the memorandum is largely instructional. It points up the two fundamental problems involved in a complaint of discrimination, namely (1) determination as to whether the employment practices in the particular organizational unit have been in conformity with the nondiscrimination policy, and (2) the merit and fitness of the complainant.

It is not unusual to find that an individual complainant does not have "a case." He may not have been the one best qualified for the promotion he sought; he may not have been within reach for selection for original appointment; or his discharge from the service may have been for good and sufficient reasons. In cases such as these in which the complainant does not meet the test of merit and fitness, no corrective action so far as he is concerned is necessary.

Although the individual complaint may be found to lack merit, the information secured in establishing this fact may disclose the existence of a pattern of discrimination in the organizational unit involved. On the other hand it may reveal unsound personnel policies and procedures conducive to the belief that discrimination is at times substituted for merit. A few examples are:

(1) The absence of objective promotion standards that have been made available and explained to all employees.

(2) Failure on the part of interviewers to give full and accurate information to employees and applicants, or to treat them with reasonable courtesy and understanding.

(3) Failure to make equitable rotation in the assignment of undesirable tasks.

(4) The use of derogatory or offensive terms in referring to minority groups.

If investigation reveals a pattern of discrimination or the existence of unsound personnel policies and procedures, the Employment Policy Officer should bring the matter to the attention of the proper administrative authorities for prompt and effective correction.

The regulations of the Committee specify certain requirements that must be met by an employee or an applicant who desires to file a complaint of discrimination. They are as follows:

"Each complaint must --

(1) Specify whether the alleged discrimination is based on race, color, religion or national origin.

(2) Disclose the specific action or personnel matter about which complaint is made.

(3) Identify the position involved, its grade and the unit or office in which located.

(4) Identify the official responsible for the action, if known.

(5) Give the date of the action.

(6) Contain all factual information which the complainant may have to support the allegation of discrimination.

In addition to the foregoing a complaint involving a disciplinary action [including removal] must set forth sufficient facts or circumstances to form a substantial basis to support the specific allegation of discrimination as opposed to the complainant's denial of a 'letter of charges' on which the disciplinary action was based."

When a complaint is received that fails to comply with these provisions of the Committee's regulations, the complainant should be informed of the specific requirements and given an opportunity to submit the required information. If he is unable or unwilling to do so, the complaint need not be accepted for formal processing under Executive Order 10590.

It will be noted from the regulations quoted above that a complaint resulting from disciplinary actions is not acceptable on a mere denial of the charges on which the action was based. The allegations in these cases must be supported by evidence beyond mere expressions of belief that discrimination has been a factor in the case. As indicated above, any complainant who has not complied with the regulatory requirements should be permitted to do so. Complainants whose cases are not accepted for any reason have the right to request that the case be referred to the Committee for advisory opinion.

Memorandum No. 5 - November, 1955.

"Pamphlet entitled 'Some Questions and Answers on the Non-Discrimination Policy of the Federal Government'"

The pamphlet transmitted with this memorandum was prepared for the purpose of furnishing answers to frequently recurring questions on the non-discrimination policy in the Federal Government. Experience has shown that it has served a useful purpose. The answers to some of the questions are designed to be of direct help to Employment Policy Officers in their work, while others are intended to be helpful to supervisors, to those who wish to file a complaint, or to those who are merely interested in the policy of non-discrimination.

Memorandum No. 7 - February, 1956.

"Duties and Responsibilities of Employment Policy Officers and Deputy Employment Policy Officers."

Memorandum No. 2, hereinbefore described, was prepared for the use of those who are designated to investigate and process an individual complaint. It deals with methods of handling cases where employees or applicants allege that they have been the victims of actual acts of discrimination because of race, color, religion or national origin. In such cases, it is necessary to make a thorough investigation of the allegations, to provide a hearing for the complainant if he desires one, to secure a decision from the head of the department or agency, and an advisory opinion from the Committee, if either the complainant or the agency desires it.

While this procedure is essential when a complaint has actually been lodged in accordance with the regulations, it is at best time-consuming. How much better it would be if the causes of complaints could be removed! There will always be those who complain. But if the causes of complaints could be removed the number would be greatly lessened immediately and in time there would be few indeed.

From the date of its first meeting the Committee has actively advocated a program of watchfulness, of persuasion, and of education that would eliminate, as far as it is possible to do so, all causes of complaints of discrimination based on race, color, religion or national origin. It has advocated merit and fitness as the sole criterion for all personnel actions.

Since Employment Policy Officers are charged with direct responsibility for effectuating the policy of non-discrimination, the Committee has been anxious to enlist their complete cooperation. Only in this way can the best enforcement and preventive work be done. To assist Employment Policy Officers in the discharge of their challenging responsibilities, Memorandum No. 7, attached hereto, was prepared.

The check list which accompanies Memorandum No. 7 was prepared for ready reference in that phase of the non-discrimination policy having to do with the prevention of acts of discrimination and of causes of complaints. Specific suggestions as to methods of implementing the various actions suggested by the check list have not been provided. The Committee believes that the Employment Policy Officer can best determine the most effective methods to be employed, based upon the organization of the unit under consideration and the personalities of the employees and management.

The Committee believes that an active program of prevention of acts of discrimination, based on the points raised by the check list, is absolutely essential if significant progress is to be made in achieving the purposes of Executive Order 10590.

Upon request, the Committee will be glad to render any possible assistance in the way of materials and suggestions in furtherance of this phase of the non-discrimination program.

Memorandum No. 8 - February, 1956.

"Digests of Typical Complaints of Discrimination."

After analyzing a large number of complaint cases in which discrimination was alleged, the Committee concluded that a digest of several typical cases might be helpful to Employment Policy Officers and others having responsibility for implementing Executive Order 10590.

THE MEDICAL STOCKPILE PROGRAM

John D. Porterfield, M. D.
Deputy Surgeon General
U.S. Public Health Service
Department of Health, Education, and Welfare

Mr. President, Members of the Cabinet:

The concept of a medical stockpile sprang from the realization that a nuclear attack would largely destroy medical supply production facilities. A study was therefore made to determine how large and what kind of a medical stockpile of essential items would be needed; using all existing information on what is available at any moment, with carefully worked out assumptions on how much of this would be left after an attack. As a result we now have fairly precise data with which to support the need for a medical stockpile program.

From fiscal year 1951 to fiscal 1957, the Federal Civil Defense Administration procured some $220 million worth of medical stockpile supplies and equipment, now stored in 35 warehouses. The total stockpile contains 286 State-owned prepositioned hospitals as well as the 1932 Civil Defense Emergency 200-Bed Hospitals of which some 1300 are now prepositioned in various communities.

This stockpile was created to provide medical care facilities and supplies for five million casualties for the 21 days immediately after an attack. This was the post-attack objective of the early '50s.

We are now measuring essential medical care needs for 60 million casualties and 120 million non-casualty survivors, for a period of six months during which post-attack medical supply production will not constitute a significant resource.

In 1959 the Office of Civil and Defense Mobilization asked the Department of Health, Education, and Welfare to make a survey of stockpile needs and to develop a program proposal which would provide the medical supply means of survival. Guidelines given us in making our survey included:

(SLIDE No. 1)

1. A population base of 180 million would be used.
2. A specified attack pattern with a 60 million casualty equivalent would be postulated for calculating need and damage assessment.
3. Medical needs would be calculated for the periods 30, 60, 90, and 180 days after attack.
4. Hospital bed needs would be based on the number of physicians available to staff them.
5. Medical supply needs would be based on available trained manpower for their use.
6. Estimates of stockpile need would be adjusted for inventory existing at attack, for loss sustained and, over the post-attack period, for production resumed.

(PROJECTOR OFF)

In substance, we were to determine the minimum medical stockpile which would permit the skilled manpower remaining after attack to minimize casualty loss and retain productive capacity of all survivors.

As a first step, the Interagency Survival Item Committee of the Office of Civil and Defense Mobilization determined that 106 basic medical survival items were essential.

Next, with the help of the Department of Commerce we inventoried stocks of 60,000 producers, processors, warehouses, hospitals, retailers, and governments. We also collected data on the current availability of medical manpower, hospital facilities, consumption rates and production potentials for survival items.

We then computed post-attack health resource needs in terms of austere emergency care. Here it was assumed that wherever possible a "make do" principle would be invoked -- using what was left, improvising and substituting wherever possible, but for the rest doing without. Specific treatment techniques were then developed for specified types of casualties and the per-treatment supply needs for each type multiplied by total estimated casualties.

In this computation a limiting factor was the post-attack size of the professional manpower pool, since much of the medical stockpile could not be used except by skilled manpower.

(SLIDE No.2)

Slide 2 presents our analysis of post-attack casualties. With a casualty level of 60 million the expected number of deaths would exceed 40 million. The principal immediate medical workload would be the approximately 20 million blast, thermal, and fallout victims. The additional concurrent and continuing medical workload would be the 120 million non-casualties requiring minimum health maintenance as a prerequisite to national survival. As the slide indicates, blast and thermal casualties decline rapidly in the post-attack period, but fallout casualties increase steadily during the first 30 post-attack days at which point they are four times as numerous as blast and thermal casualties.

(SLIDE No.3)

Slide 3 shows our analysis of the percentage of inventory loss from the attack. We estimate the pre-attack dollar value of the medical supply inventory at about $733 million of which some $233 million would remain in the post-attack period. Slide 3 shows the percentage of loss to various categories of inventory holders.

Federal and State stockpiles and the currently prepositioned hospitals would suffer minimal losses of 20 percent or less because of their location in non-target areas. The inventory losses of warehouses, wholesalers, drug stores, and hospitals would be materially higher. Losses would become almost total, amounting to 94 percent, at producer distribution points which are usually located in prime target cities.

Inventory losses at the point of production would also be serious -- estimated at 88 percent. But even more disastrous than the inventory loss at the production point is the plant damage of which this loss is an index. Department of Commerce studies show this loss would be so serious that at no time for the first six months after an attack could we expect that the production of any medical survival items would be in balance with need.

(SLIDE No.4)

Slide 4 is concerned with hospital beds, a major post-attack need. We have calculated the number of usable post-attack beds that would be available. Our assessment showed that only 400,000 of the country's 1.6 million permanent beds would be usable. Of the remainder, 580,000 would be destroyed outright and 600,000 would be out of commission because of fallout for about six months.

The number of hospital beds which could be used has been based on the number of physicians left to man them, assigning each physician five times the ratio obtaining in a peace-time general hospital. With 149,000 surviving physicians we estimate that 2.3 million beds could be used. This is grossly inadequate for a 20-million casualty load, but as much as can be carried by the available physicians.

(SLIDE No.5)

Slide 5 shows a Civil Defense Emergency Hospital Unit as it appears when stored in a warehouse. At current prices its value is about $20,000. Thirteen doctors are required for its operation. The unit is designed to give "austere" medical and surgical care and has a maximum in-service life of one year. As these hospitals "wear out" they can in part be replaced by the 600,000 permanent hospitals coming back into service as these become free of dangerous radioactivity.

(SLIDE No.6)

Slide 6 shows the Civil Defense Emergency Hospital Unit spread out. It consists of 290 different items, packed in 367 cases and bundles, occupying 1600 cubic feet (crated). Overall weight is 13 tons -- transportable in a single van. The hospital has generators, pumps, and a water storage tank so that essential operations will generally not be interrupted if utilities are not available. The unit does not include tentage or buildings, laundry or kitchen.

The hospitals are prepositioned or stored in unopened, original containers at or near the facility, such as a school or warehouse, where they are to be unpacked and put into use. Thirty men can uncrate and set up the hospital in about four hours.

(SLIDE No.7)

Slide 7 summarizes our study. Of the nearly $1 billion pre-attack medical stockpile required above post-attack production and surviving non-Federal inventory, we have $220 million on hand. We need, in addition, 7500 additional Civil Defense Emergency 200-Bed Hospitals costing $150 million and a stock of medical survival items costing $574 million. The overall cost, therefore, of filling out the medical stockpile is $724 million -- the amount required to buy the medical supplies and facilities required for a 6-month post-attack emergency medical care program.

The slide also gives an analysis of the time distribution of needs. The need for hospital beds is, of course, immediate as well as continuing.

(PROJECTOR OFF)

A recommendation for a procurement program for the fiscal year 1961 was included in our final report to the Office of Civil and Defense Mobilization. This proposed two kinds of procurement:

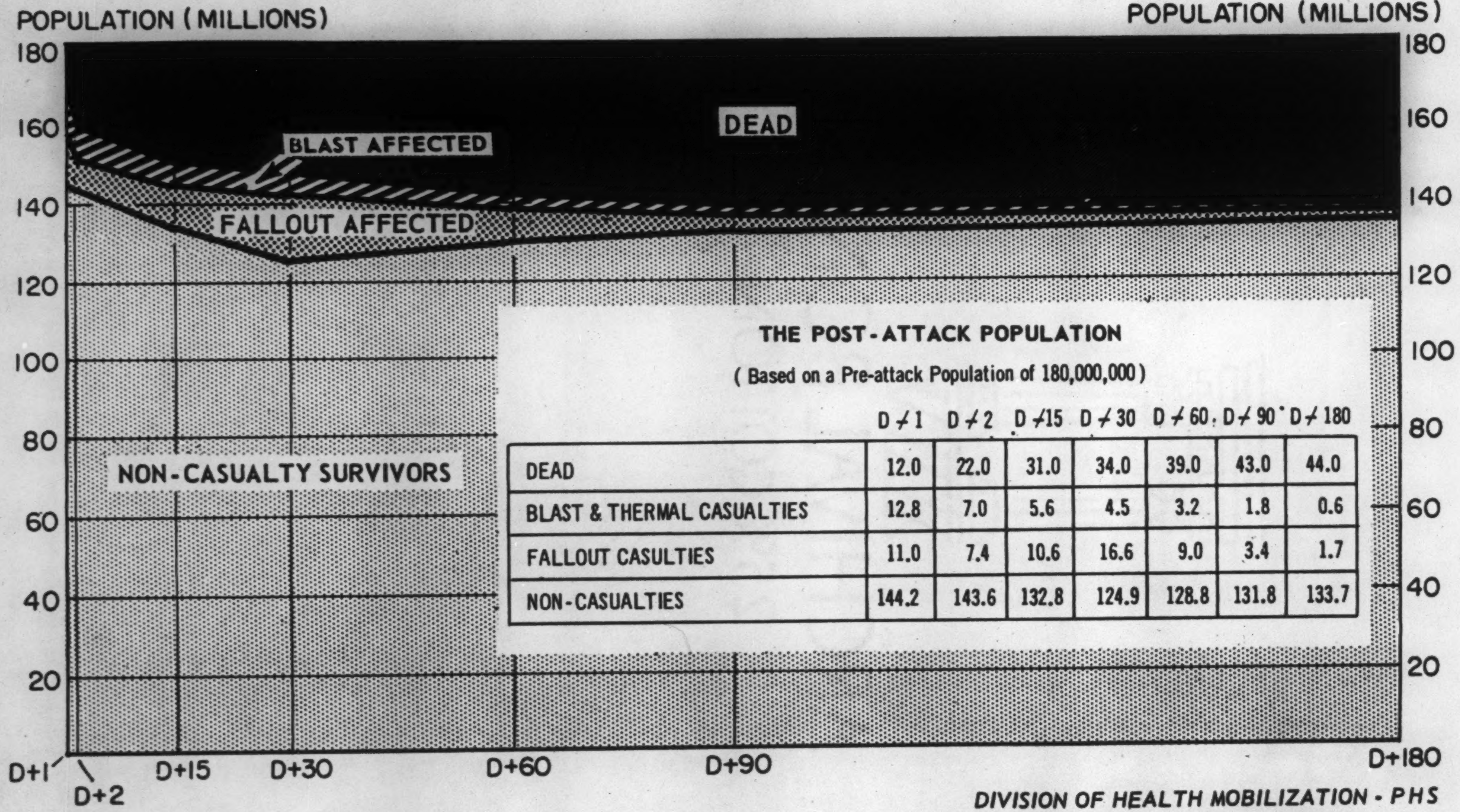
1. Increasing, at a cost of $119 million, the present medical supplies so that we would be able to meet medical supply needs for the first 30 days after an attack.
2. Increasing by 1000 the number of prepositioned hospitals. This would cost $20 million.

The total cost of these two programs was $139 millions. This part of the $724 million total medical stockpile requirement could be acquired, assimilated, and made available for local use in a single year.

It is against the firm backdrop of these intermediate and ultimate goals that the decision must be made as to when medical stockpiling shall again be activated and when it shall be completed.

March 17, 1960

POST-ATTACK STATUS OF GENERAL POPULATION, BY TIME PERIOD



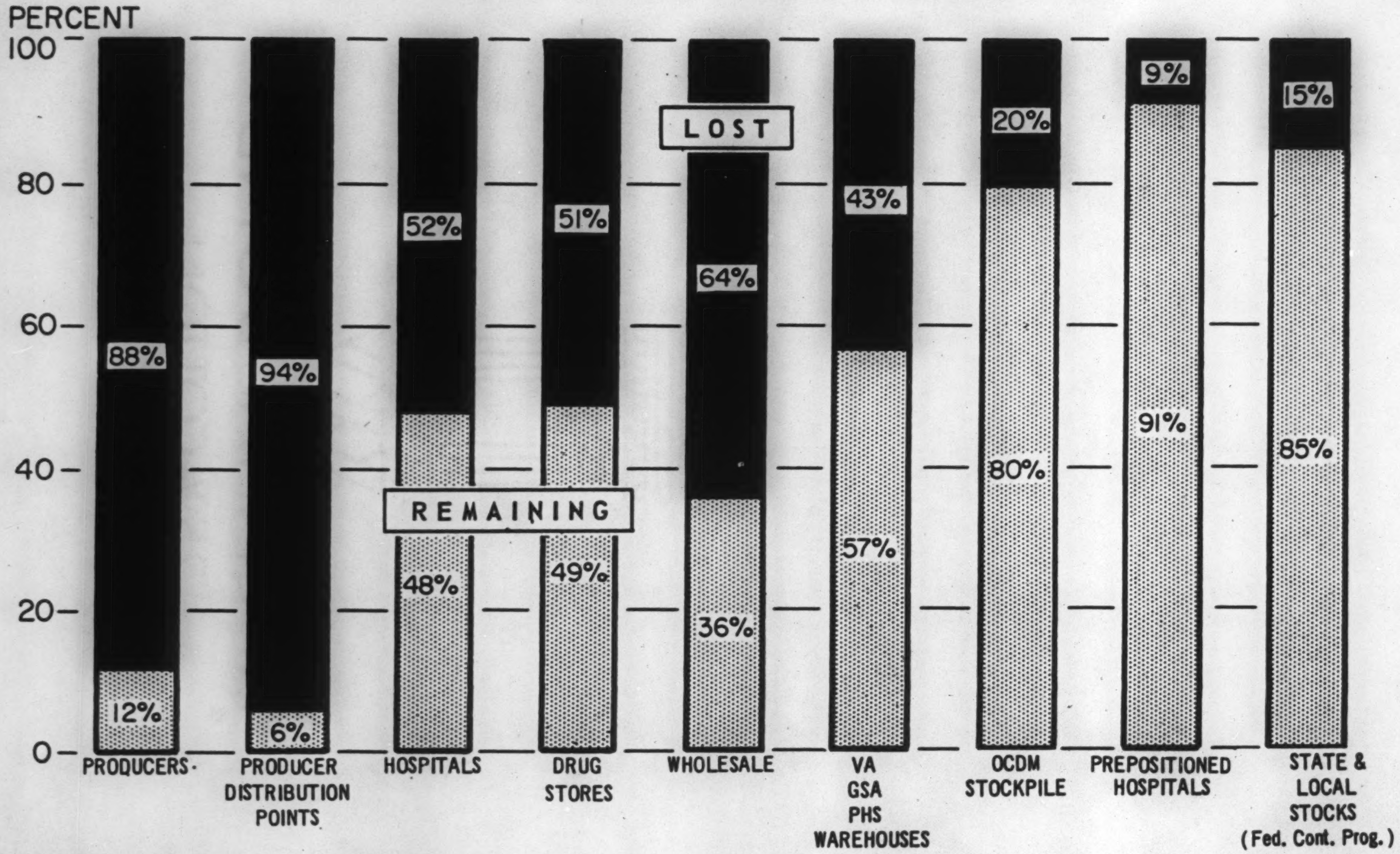
THE POST-ATTACK POPULATION

(Based on a Pre-attack Population of 180,000,000)

	D + 1	D + 2	D +15	D + 30	D + 60	D + 90	D + 180
DEAD	12.0	22.0	31.0	34.0	39.0	43.0	44.0
BLAST & THERMAL CASUALTIES	12.8	7.0	5.6	4.5	3.2	1.8	0.6
FALLOUT CASULTIES	11.0	7.4	10.6	16.6	9.0	3.4	1.7
NON-CASUALTIES	144.2	143.6	132.8	124.9	128.8	131.8	133.7

DIVISION OF HEALTH MOBILIZATION - PHS
SOURCE :OF DATA : NDAC - OCDM

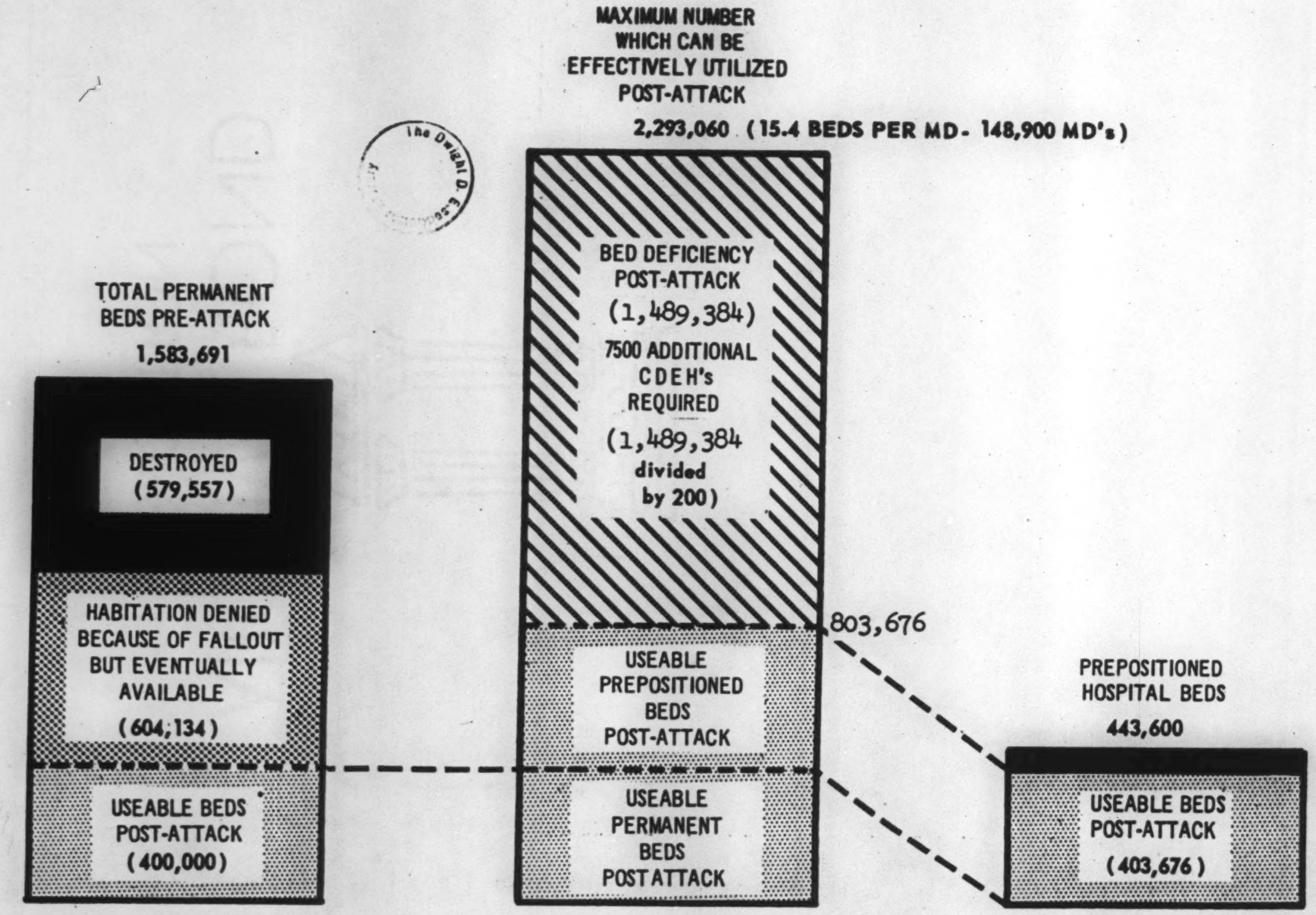
POST-ATTACK STATUS OF MEDICAL SUPPLY RESOURCE POINTS



DIVISION OF HEALTH MOBILIZATION - PHS

SOURCE OF DATA: NDAC-OCDM

POST-ATTACK STATUS OF HOSPITAL BED AVAILABILITY AND REQUIREMENTS



DIVISION OF HEALTH MOBILIZATION - PHS

THE MEDICAL STOCKPILE PROGRAM

POST ATTACK TIME PERIOD	ESTIMATED COST OF MEDICAL SURVIVAL ITEMS	NUMBER OF ADDITIONAL 200 BED HOSPITALS NEEDED
0 – 30 DAYS	$ 118,661,000	7,500 at a total cost of $ 150,000,000
0 – 60 DAYS	$ 226,782,000	
0 – 90 DAYS	$ 347,216,000	
0 – 180 DAYS	$ 573,734,000	

TOTAL COST

$ 723,734,000

($ 573,734,000) for medical survival items

($ 150,000,000) for 200 bed emergency hospitals

PICTURE STORY

# of the

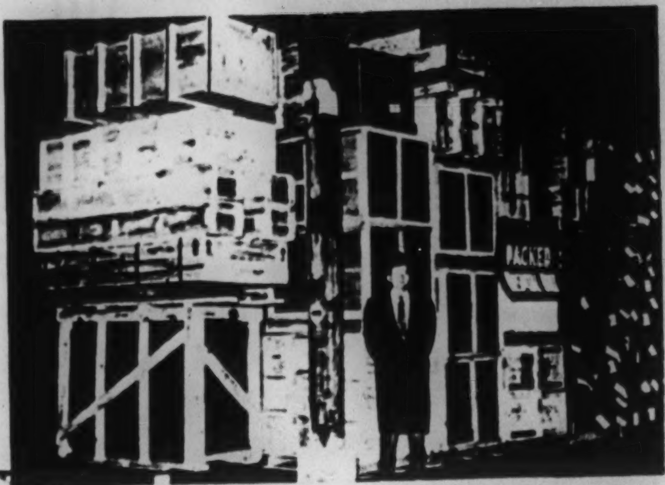
CIVIL DEFENSE EMERGENCY HOSPITAL

The Civil Defense Emergency Hospital is an austere, but functional and relatively complete, 200-bed general hospital. CDEH units are stored in strategic locations throughout the United States, ready to be uncrated and operated speedily in the event of a major disaster.

These photographs tell the story of the hospital and some of its major components, from storage to final operation.

On page VIII-B-8 of this picture story is a typical plan for operating the hospital in an existing school building. The building plan is that of an actual school where a CDEH is presently prepositioned. It not only demonstrates the versatility of the CDEH, but also shows how some of the problems inherent in adapting a school building to hospital use have been met.

CDEH in storage



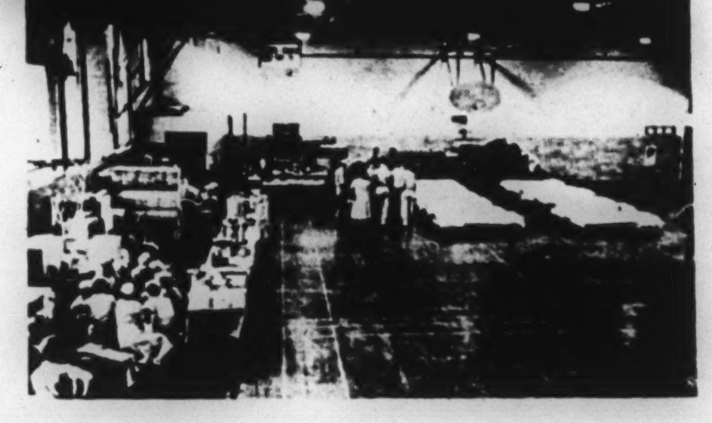
United
CENTRAL SUPPLY
SORTING
PHARMACY
LABORATORY
OPERATING ROOMS
X-RAY
WARDS

It fits in a moving van

Unpacking the crates

Setting up the Wangensteen
suction unit

Uncrating the
Operating Room equipment

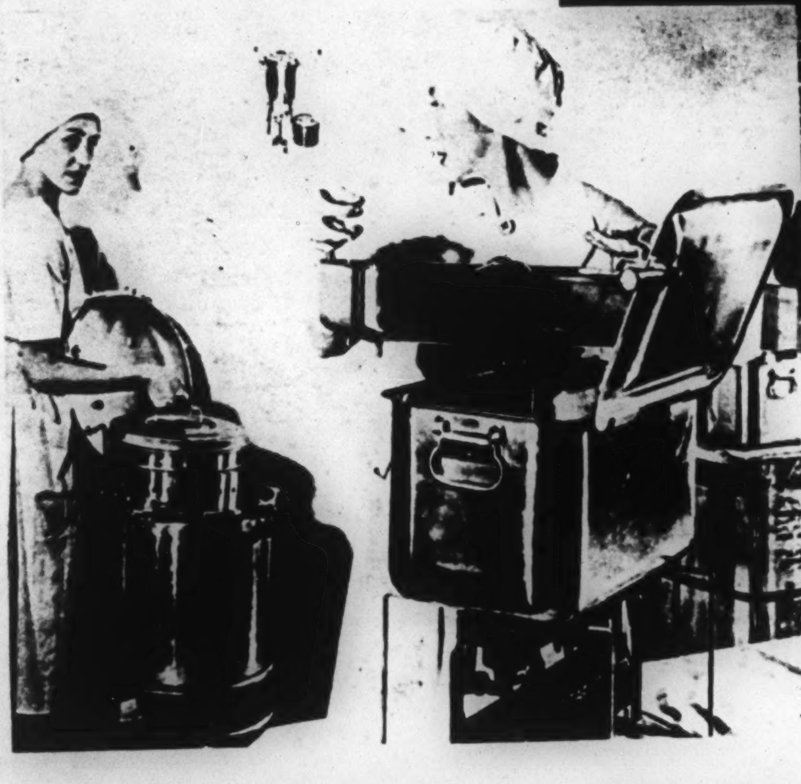


Central Supply and Triage
ready for action

CENTRAL
SUPPLY

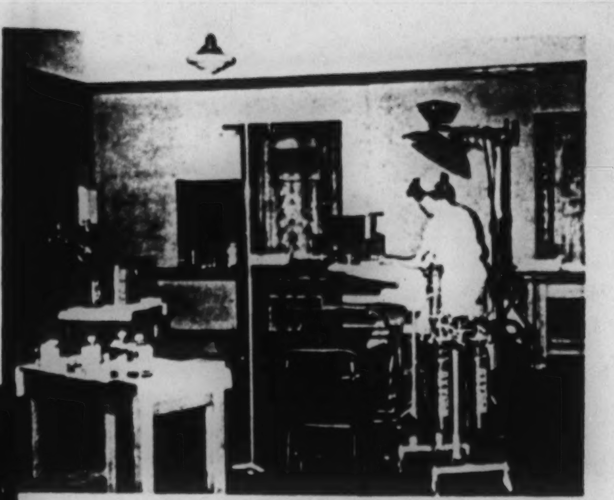
Central Supply in
permanent quarters

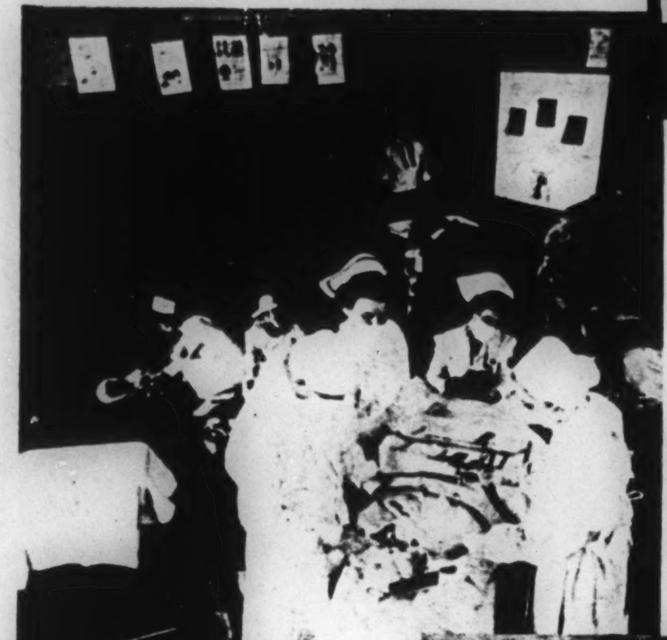
Some of the surgical instruments



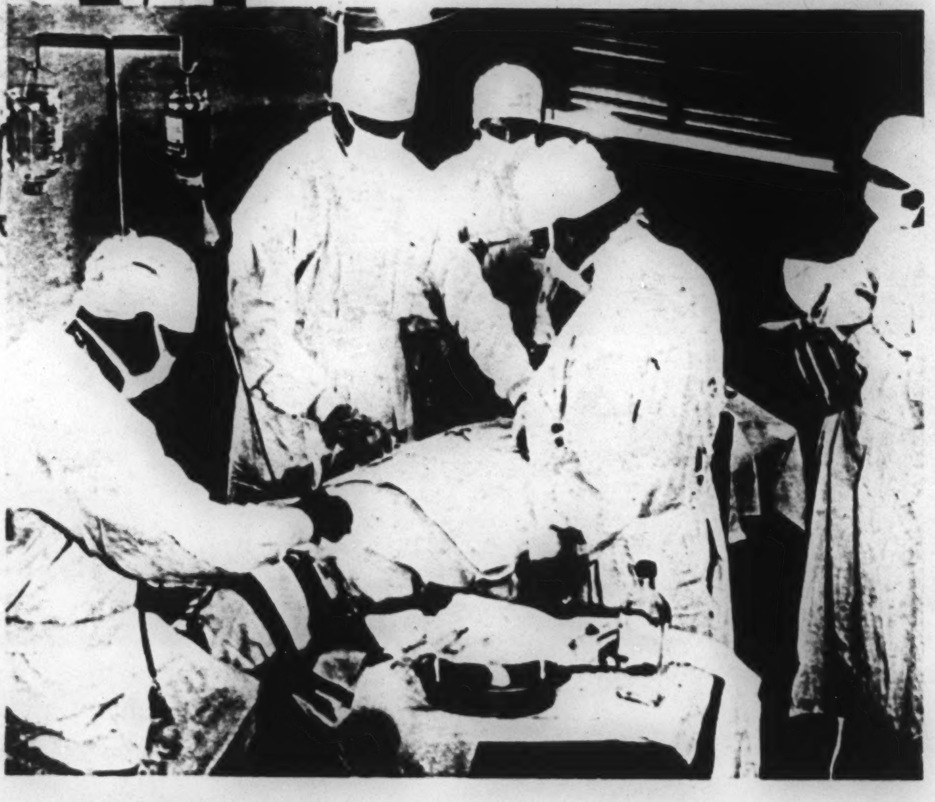
Autoclave and
sterilizer units

Preparation for anesthesia

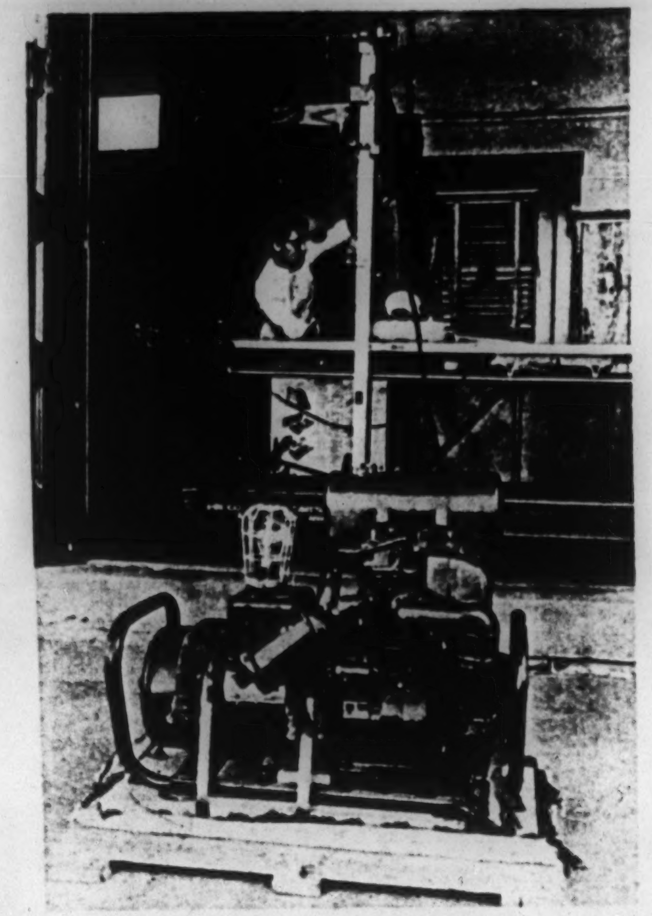




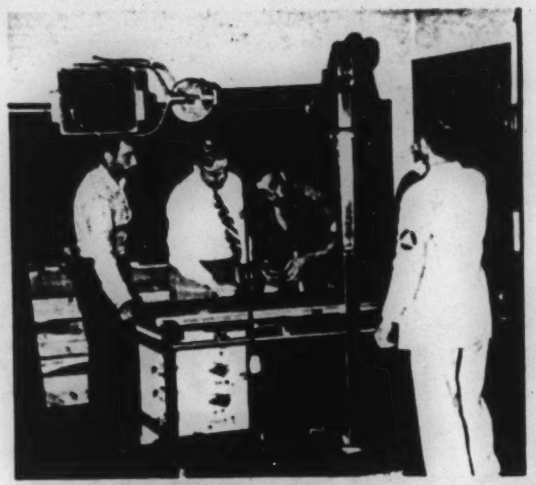
Operating team in a
classroom



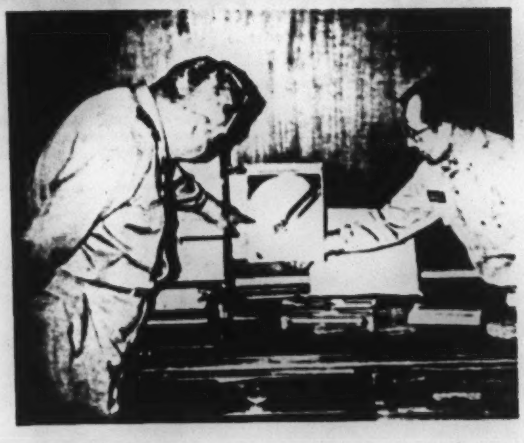
Caps, masks, and gowns
are furnished too



X-ray unit with auxiliary
generator



Putting X-ray table together



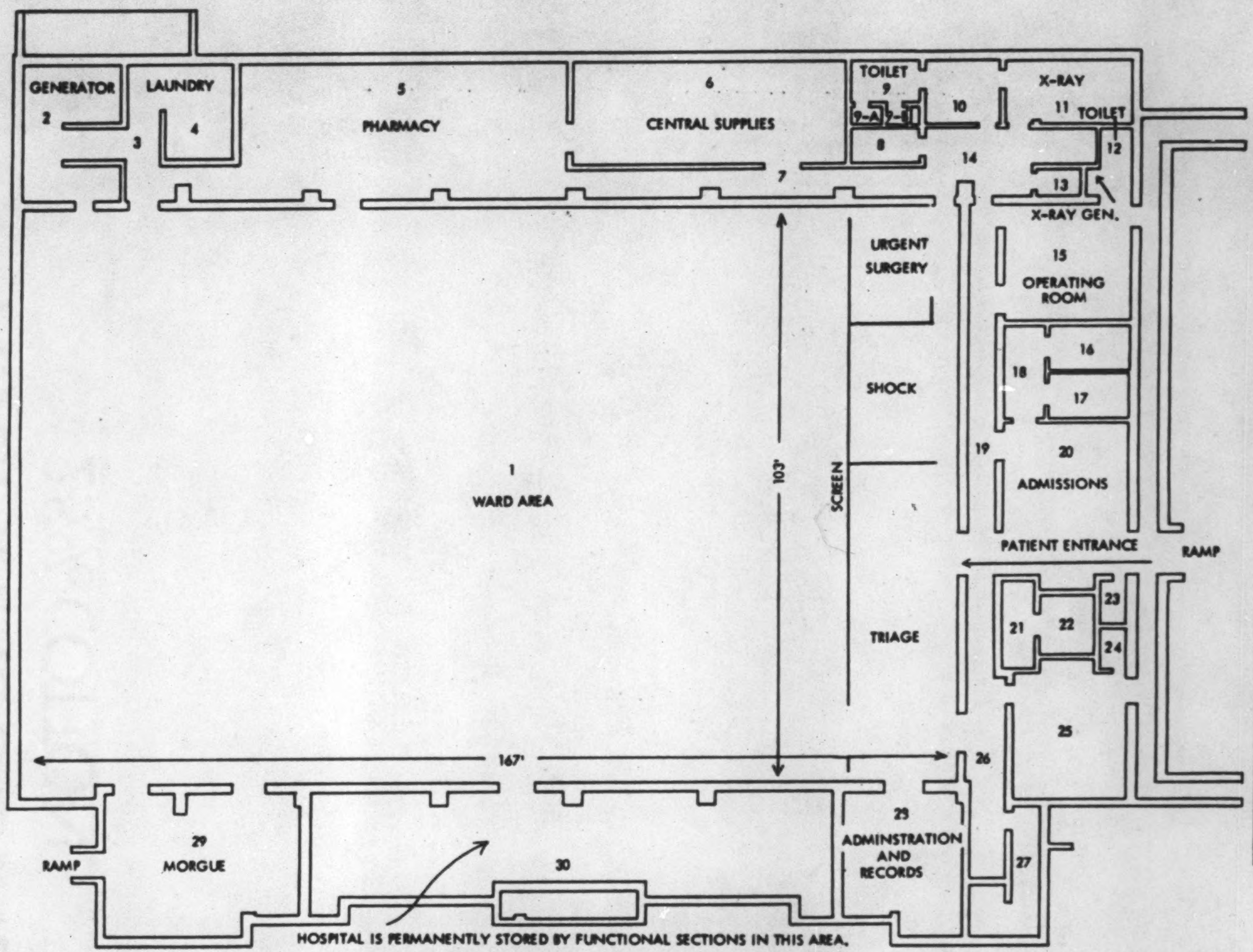
Reading the Polaroid X-ray film

Cots and linen in the ward

Water tank, 1500 gallon capacity

The 15 kw. generator

Generator being moved by crane


GENERATOR
2
LAUNDRY
4
3
5
PHARMACY
6
CENTRAL SUPPLIES
TOILET
9
9-A
9-B
8
10
X-RAY
11
TOILET
12
13
14
7
X-RAY GEN.
URGENT SURGERY
15
OPERATING ROOM
16
18
17
SHOCK
1
WARD AREA
103'
SCREEN
19
20
ADMISSIONS
PATIENT ENTRANCE
RAMP
21
22
23
24
TRIAGE
25
167'
26
29
MORGUE
RAMP
30
25
ADMINSTRATION AND RECORDS
27

HOSPITAL IS PERMANENTLY STORED BY FUNCTIONAL SECTIONS IN THIS AREA.
ROOM WOULD BE CONVERTED TO OTHER USE WHEN BUILDING IS USED AS HOSPITAL.

GROUND FLOOR PLAN

ROOM CONVERSION SCHEDULE
CIVIL DEFENSE EMERGENCY HOSPITAL

ROOM NUMBER	ROOM NAME	CONVERT TO HOSP.
1	PHYSICAL EDUCATION AREA	200 BED HOSP. WARD
2	MECH. EQUIP. ROOM	15 KW. GENERATOR
3	PASSAGE	
4	LAUNDRY	LAUNDRY
5	GEN'R'L STORAGE	PHARMACY
6	ATHLETIC EQUIP. ROOM	CENTRAL SUPPLY
7	PASSAGE	
8	JANITOR'S CLOS.	
9	LOCKER & SHOWER	
9A	SHOWER ROOM	
9B	TOILET	TOILET
10	COACHES' OFFICE	
11	PHYSICAL THERAPY & FIRST AID	X-RAY
12	TOILET	X-RAY GENERATOR – TOILET
13	TOWELS	
14	PASSAGE	
15	VARSITY LOCKER ROOM	OPERATING ROOM
16	SHOWER	
17	SHOWER	
18	DRYING	
19	PASSAGE	
20	SOPHOMORE LOCKER ROOM	ADMISSIONS
21	DRYING	
22	SHOWER	
23	TOILET	TOILET
24	TOILET	TOILET
25	VISITING TEAM LOCKER ROOM	LABORATORY
26	PASSAGE	
27	STORE ROOM	
28	FAN ROOM	ADMINISTRATION & RECORDS
29	FAN ROOM	MORGUE
30	EMERGENCY HOSP. STORAGE ROOM	X-RAY & HOSPITAL STORAGE

CIVIL DEFENSE EMERGENCY HOSPITAL
USE IN HIGH SCHOOL GYMNASIUM

ADAPTED FROM
ELMHURST, ILLINOIS
CIVIL DEFENSE PLAN
BY
TRAINING BRANCH,
DIVISION OF HEALTH MOBLIZATION
PUBLIC HEALTH SERVICE
DEPT. OF HEALTH, EDUCATION AND WELFARE
WASHINGTON, D. C.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON

July 29, 1959

Dear Governor Hoegh:

The Medical Supply Stockpile Program presented in the attachment is submitted in accordance with your request of March 27, 1959. The program establishes an over-all planning basis upon which the estimated quantities of materials required for the medical care of the surviving population during the first six months post-attack can be determined and long-range programs to develop reserves of those items anticipated to be in short supply can be accomplished.

As you know, there are many problems in the Stockpile Program that require further study. Therefore, I would suggest that when this program is translated into a budget estimate sufficient funds be included to support the necessary research, particularly in the areas of requirements and stockpile logistics.

I wish to express my appreciation for the excellent cooperation we have received from the Department of Commerce and members of the Office of Civil and Defense Mobilization staff in preparing this program. It was only through this inter-agency cooperation that we were able to accomplish the task you asked us to perform.

If desired, we will be happy to discuss in greater detail any of the data or recommendations contained in this report.

Sincerely yours,

/s/
Secretary

Hon. Leo A. Hoegh
Director
Office of Civil and Defense Mobilization
Washington 25, D. C.

Enclosures

MEDICAL SUPPLY STOCKPILE PROGRAM

I - INTRODUCTION

On March 27, 1959, the Director of the Office of Civil and Defense Mobilization forwarded a request to the Secretary of the Department of Health, Education, and Welfare to develop a medical stockpiling program. Upon acknowledgment and acceptance of the responsibility for developing such a program, the Secretary of HEW delegated the project to the Surgeon General of the Public Health Service. The Division of Health Mobilization, within the Bureau of State Services, received the assignment and prepared the program report in accordance with the standards and scope stated in the OCDM "Policy Guidelines for Medical Supply Stockpile Program":

Policy Guidelines for Medical Supply Stockpile Program

The following guidelines are established for the development of the OCDM Medical Stockpile Program. The program shall be based on a re-evaluation of the existing medical stockpiling program, including a re-evaluation of emergency hospital standards and criteria and a review of the hospital pre-positioning program.

1. The program will be planned to provide health care for the surviving population.

2. A casualty level of 60 million (out of a total population of 180 million) is assumed following the composite attack pattern developed by the National Damage Assessment Center (NDAC) known as "Risk I ('Nuclear Attack Hazard in Continental U.S.')" and after allowing for shelters provided for in The National Plan. This is also the level of casualties estimated in the September 1958 program to generate the peak requirement for medical supplies.

3. The calculation will provide phased estimates for D+30, 60, 90 and 180 days to show estimated requirements for each of these periods. Any production that may be resumed in each of these periods will be reflected as a reduction of stockpile requirements.

4. Procurement will be planned to acquire the supplies as soon as feasible, taking into account the impact on industry and the availability of adequate and strategically located points of storage. Every effort will be made to encourage the maximum build-up of manufacturer, wholesaler, and retailer inventories in safe and accessible locations to reduce the level of direct Federal stockpiling. To the extent feasible, items will be acquired by barter or use of foreign currency.

5. A minimum requirement will be established for each individual item to meet the deficit after allowing for existing inventory, including those kits and other supplies held by individuals and inventories accumulated by States or other political subdivisions, and estimated Risk I attack losses.

6. To minimize loss from obsolescence and deterioration, the most effective program of rotation will be planned with the assistance of industry and the professions for all items having a limited shelf life.

7. The requirement for Civil Defense Emergency Hospitals will be based on estimated availability of professional and trained auxiliary personnel to staff the units. Needs for other items will be based on availability and full utilization of professional, semi-professional, and technically trained personnel to administer them.

8. Military resources and requirements will not be calculated in the stockpile program.

9. It will be assumed that for six months post-attack, there will be no aid to or benefit from our allies.

10. Selected basic essential Sanitation and Water Supply Items will be included as components of the Medical Stockpile program. Examples of these are water purification tablets, insecticides, etc., for personal environmental protection.

The entire program will be planned in conformance to Section VI, Paragraphs A, B, C, and D of The National Plan for Civil Defense and Defense Mobilization, approved by the President in October 1958.

II - PURPOSE AND SCOPE OF THIS REPORT

A nuclear attack on this country is expected to create a situation where health supply requirements must be fulfilled by demands on remaining inventories in the form of stockpiled materials, personal stocks, recoverable supplies remaining in commercial channels and fragments of new production. A post-attack medical care program depends on the quantities and distribution of three essential resources: medical manpower, facilities and supplies, and on self-help capability. The purpose of this report is to establish figures representing an estimation of post-attack health resource deficiencies by relating medical care requirements for the surviving population to the availability of these health resources. The deficiencies shown by this means indicate the problem areas and basis for overall stockpiling requirements.

Within the limits of our present knowledge, the recommendations in this report reflect our judgment as to national post attack needs in terms of present concepts of thermo-nuclear warfare. In accordance with the OCDM "Policy Guidelines," estimated post-attack stockpile requirements for D+30, 60, 90, and 180 days have been developed; the amounts of supplies and emergency treatment facilities recommended for procurement as the FY 1961 increment of the total program have also been denoted.

III - THE POPULATION POST-ATTACK

Based on a NDAC table developed in accordance with the OCDM Policy Guidelines, a population of 180,000,000 is assumed to be subjected to a nuclear attack resulting in approximately 60,000,000 casualties. About 12,000,000 immediate deaths can be expected. This total will grow to 34,000,000 deaths within 30 days and reach in excess of 40,000,000 at the end of 6 months. Blast, thermal and radiation casualties surviving from D-day to beyond 6 months are expected to number about 20,000,000. Of this surviving casualty group the majority are expected to recover sufficiently at some time during the first 6 months to be classed within the medical care requirements associated with the non-casualty group. The "non-casualty" population (the post-attack counterpart of the pre-attack population) would, by calculation, amount to about 120,000,000. However, due to delayed radiation effects, deaths and recovery of casualties, estimates of the population in terms of casualty or non-casualty status varies with the time period post-attack. The adjusted non-casualty count does not go below about 125,000,000.

IV - MEDICAL SUPPLY RESOURCES

In accordance with the guidelines provided by OCDM, and information furnished by NDAC, the nuclear attack on this country would result in major damage to our principal industrial, metropolitan and military centers. The nation is then faced with the tremendous medical care demands for 20,000,000 casualties as well as the medical care demands for some 120,000,000 non-casualties. The Department of Commerce (BDSA) reports that no significant production can be expected for the first 6 months post-attack for over 80% of individual medical survival items* and that no production should be expected during the first 30 days post-attack.

Normally, peacetime inventories of medical supplies constitute a 30-to 60-day or more supply for the peacetime population. To measure normal inventories, the BDSA and PHS jointly surveyed the quantities of medical survival items at the following levels: producer-processor, producer-owned distributor warehouses, wholesale drug houses, chain drugstore warehouses,

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*Medical Survival Items are those items considered absolutely essential for post-attack medical care for national survival. The listing was prepared by the OCDM Interagency Committee on Survival Items Task Force on Health Supplies and Equipment. The attached tables lists these items.

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surgical and hospital supply dealers, hospitals and retail drugstores - over 60,000 establishments in total. In addition, the holdings at GSA, V.A. and PHS warehouses as well as all material now in the OCDM stockpile at warehouse points, OCDM stocks at producer sites and prepositioned emergency 200-bed hospitals were included in the inventory survey. State and locally stockpiled items acquired through the Federal "Matching Program" are also substantially included. Materials held by individuals in medicine cabinets or in the form of medical kits are not included in this report. The amounts of such material cannot be determined except by actual detailed survey. It is estimated that personal supplies constitute only token amounts of a few selected survival items when related to total national requirements. Military resources are not included since such holdings are an integral part of the military mission and specifically excluded from this report by the OCDM Policy Guidelines.

NOTE: To arrive at an adjusted pre-attack inventory of medical survival items typical of a population of 180,000,000, all inventory figures (except current stockpile holdings) were raised by a percentage of about 6%. (This increase reflects the difference in the population at the time the data was collected and the "Policy Guideline" population figure of 180 million.)

Post-attack availability of supplies from production and recoverable inventory of medical survival items at all levels were estimated by applying the OCDM prescribed "Risk I" Attack (Nuclear Hazard in Continental U.S. - Classified.)

The tables accompanying this report show pre-attack and calculated post-attack inventories of each survival item. Inventory at manufacturing sites showed an average attack loss of 88%; wholesale drughouses, hospitals and drugstores experienced losses in excess of 50%. OCDM stockpiles and pre-positioned hospital units received the least attack damage—stockpile points 20% loss—200-bed pre-positioned hospitals 9% loss.

Except for about 20 medical survival items out of a total of 106, production will not constitute a significant contribution during the first 6 months post-attack. In no case will production be in balance with requirements during this 6-month period.

V - HOSPITAL FACILITIES

The total number of permanent pre-attack hospital beds was established by reference to the American Hospital Association Directory. Based on advice from the PHS Division of Hospital and Medical Facilities, the figures were adjusted for an additional 25,000 general hospital beds not listed in the Directory. The pre-attack permanent bed count is the sum of 734,446 general beds and 849,245 special purpose beds (mental, T.B., etc.) or a grand total of 1,583,691. Beds associated with nursing and rest homes are excluded from the totals.

The pre-positioned hospital program of OCDM utilizes a 200-bed emergency hospital. OCDM has procured 1932 of these hospitals of which number approximately 1200 are prepositioned within the various communities. In addition, the States have acquired 286 similar emergency hospitals through the OCDM "matching program." The total number of beds furnished by this program amounts to 443,600. [(1932 + 286)x200].

Through the cooperation and assistance of the NDAC, the "Risk I" attack was applied. The number of beds destroyed, denied due to radiation, and remaining usable were calculated. Of the 1,583,691 permanent beds available during the pre-attack period, 579,557 beds are totally destroyed and 604,134 beds were denied because of presence of high radiation levels for the first several months. About 400,000 permanent type hospital beds were available during the first 30 days post-attack. Because of carefully selected locations, an attack loss of about 9% of the 200-bed emergency hospital beds is expected. This results in a post-attack count of 403,676 emergency beds. The total post-attack bed resource then amounts to 803,676 beds (400,000 + 403,676) at a time when millions of casualties would require medical care plus the hospital care needed for patients in the non-casualty group.

VI - MEDICAL MANPOWER

The pre-attack physician population (including osteopaths) is about 237,000. The Risk I attack reduced the non-casualty physician population to 148,900.

Dentists and veterinarians were reduced from a pre-attack population of 105,000 to about 67,000 by the attack.

Nurses account for 674,000 of the population pre-attack but those in non-casualty status post-attack account for 425,000.

All of the above figures include active, inactive and retired professional personnel.

VII - REQUIREMENTS - MEDICAL SURVIVAL ITEMS

The needs of the non-casualty population would generally be similar to those of a pre-attack population except for indirect attack-caused changes in: environment, medical care and preventive medicine measures, and gross changes in the daily routine. To establish peacetime consumption rates of medical survival items, the BDSA surveyed the medical item producers to determine annual domestic sales (adjustments were made for imports and exports.) The resulting per capita consumption figures served as a planning base for non-casualty care requirements.

A PHS medical advisory committee, operating within the OCDM policy guidelines and within the philosophy of providing basic essential medical care to non-casualties, developed "austerity factors" for each medical survival item. These "austerity factors," which are direct ratios of pre-attack per capita requirements for each item, were chosen as the result of professional opinion incorporating the following considerations: availability of medical manpower, anticipated changes in illness and injury rates, priority use of medical items, changes in practice of surgery and level of medical care measures. The per capita requirements of medical survival items required for non-casualities for each period post-attack (0-30, 0-60, 0-90, 0-180 days) were determined by the medical advisory committee.

For the past several years, professional advisory bodies of the Department of Defense, National Research Council, and special medical advisory groups to Federal Civil Defense Administration have recommended medical items and amounts required for care of casualties. These recommendations were used by FCDA as a basis for establishing the components of emergency first aid stations, hospitals, back-up units, blood collecting units and 200-Bed Emergency Hospitals.

The amounts of medical survival items designated as required per 1000 casualties furnished a planning base. Since a casualty recovers, dies or remains disabled, requirements vary as time passes. It is estimated that about 70% of the total casualty care needs would be required during the first 30 days post-attack, the balance of the first six months period requiring only 30% of the total quantities required.

VIII - REQUIREMENTS - HOSPITAL FACILITIES

The maximum number of beds which can be effectively utilized post-attack must logically be based upon the availability of medical manpower. The number of hospital beds to be furnished by a 200-Bed Emergency Hospital program are those amounts required to bring the post-attack bed count up to the point of maximum utilization by the remaining medical manpower. Using the physician availability figures of 148,900 noted in Section VI above, the maximum number of beds recommended for effective use during the first several months post-attack is 2,293,060 beds. This is based on the previously established OCDM estimation of 15.4 beds per remaining non-casualty physician. This ratio was used by OCDM for the FY 1960 stockpile program and appeared reasonable to the PHS committee for present program planning. (For comparison purposes, the current peacetime ration is about 1 physician per 3 beds in term of general hospitals or 1 physician per 6 beds in terms of general plus long term hospitals).

The bed deficiency is then calculated by deducting estimated remaining beds from the total number of beds which can be used effectively. The post-attack remaining beds (permanent and emergency) at D+30 totaled 803,676 beds. (See Section V above.) By deducting this resource from maximum effective usable requirement of 2,293,060, a net deficiency of 1,489,384 beds is illustrated. If the deficiency is to be alleviated by the 200-Bed Emergency Hospital, 7,447 additional units would be required.

With intensive emergency medical and surgical training of dentists and veterinarians, effective bed utilization might conceivably be raised by 1,000,000. Until such training is accomplished, requirements based on effective utilization cannot be raised beyond 2,293,060 beds noted above.

IX - REQUIREMENTS - MEDICAL MANPOWER

The post-attack availability of medical manpower bears a direct relationship to effectiveness of casualty and non-casualty medical care. In the determination of requirements for hospital beds and supplies, the quantities indicated are considered as the estimated minimum amounts which can be utilized effectively as judged with the confines of currently available knowledge and concepts. The extent of specialized emergency medical care training of various segments of the population, proper distribution of supplies and well organized community plans are factors necessary for the provision of effective medical care.

It has been estimated that not less than 1,000,000 physicians would be required to cope with the medical workload immediately post-attack; this would require a pre-attack physician population of about 1,600,000 in contrast to the present population of 237,000. This physician requirement is well beyond reasonable expectation of the most accelerated educational program over the next several years. It has been estimated by the PHS Division of Public Health Methods (Health Services Requirements Branch) that the total pre-attack physician population could not exceed 310,000 by 1970 even under a crash educational program.

The extent of medical care afforded the immediate post-attack population will be a direct function of a pre-attack training program at all levels including the lay individual. Such a program is of equal importance as stockpiling of supplies and emergency facilities and will have a direct bearing upon the quality of medical care and quantity of supplies required. Development of such a training program may result in adjustment of the total stockpiling program. However, the 1961 procurement objective is minimal permitting any future adjustments which may be indicated.

X - SANITATION AND WATER SUPPLY ITEMS

Certain items contained within the Survival Item Listing for Sanitation and Water Supply have been added to the proposed medical stockpile program. The choice of these items was based on indication of immediate need, post-attack to furnish health protection measures and not as a substitute for an emergency sanitation and water supply program. Separate tables will show estimated resources related to requirements to indicate deficiencies and costs for the following items:

1. Lyster Bags and initial supply of HTH ampules for chlorinating water.
2. Iodine tablets for individual use.
3. DDT 10% dust and hand dusters.

XI - DEFICIENCIES

Since the attack is expected to create a situation where the population must rely on remaining resources, a stockpile program should be designed to furnish those amounts of items needed to bring deficiencies in balance with essential demands. To identify deficiency areas it is necessary to first, develop post-attack medical care requirements and second, deduct remaining medical care resources from those requirements. Within the text of this report, the methods used to arrive at post-attack requirements and resource measurements are described. The accompanying tables identify the "deficiency" or "no deficiency" status of each medical survival item. In summary, it should be pointed out that there is no demonstrated deficiency for:

41 of the 106 medical survival items during the first 30 days post-attack,

32 items during the 0-60 day post-attack period,

25 items during the 0-90 day post-attack period, and

21 items during the 0-180 day post-attack period.

In other words, current inventories adjusted for losses resulting from the prescribed attack will provide from 20% to 40% of the individual items needed during the first 6 months post-attack, depending on time period reference.

The cost of those items were deficiencies are anticipated then becomes the cost of new procurement needed to bring resources (including present OCDM stockpiles) into balance with estimated demands. (Procurement costs and annual maintenance for warehousing are discussed later in this report.)

XII - THE MEDICAL STOCKPILE PROGRAM

A Medical Stockpile Program covering the medical item and facility requirements for a period of 180 days post-attack has been developed. The accompanying tables show national supply-requirements relationships for each medical survival item by the prescribed post-attack time periods. The procurement costs for those items and the additional 200-bed emergency hospitals necessary to offset demonstrated deficiencies, can be summarized as follows.

Post-Attack Time Period	Estimated Cost of Medical Survival Items	Number of Additional 200-Bed Hospitals Needed
0- 30 days	$118,661,000	7,500 at a total cost of $150,000,000
0- 60 days	$226,782,000	If the hospital capability is extended to cover 30 days in place of the present 3-4 days, an additional $5000 for each hospital will be required to provide the necessary supplies. An equal amount should then be deducted from the estimated requirements for survival items shown at left.
0- 90 days	$347,216,000	
0- 180 days	$573,734,000	

The total procurement cost for 6 months' of medical care requirements post-attack is $723,734,000 ($573,734,000 for medical survival items plus $150,000,000 for 200-bed emergency hospitals.)

The FY 1961 increment of a total 6 months' requirement program must be chosen in terms of the total program, impact on industry, and consistency with current and projected state of emergency planning. For the FY 1961 increment of a total 6 months' program, it is recommended that the estimated deficiencies to cover the post-attack period of D day to D+30 be procured. Such procurement will provide an initial supply of life-saving materials required during the period of anticipated maximum needs.

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Of the 7500 additional 200-bed emergency hospitals needed, it is recommended that 1000 such units be procured as the FY 1961 increment of the total program. Such hospitals will be generally the same as the currently pre-positioned model but consumable medical survival item components should be expanded from the present 3- to 4-day supply of consumable items to 30 days' supply. (The 30-day supply of these consumable components are generally included in the totals of survival items noted in the tables. The precise amounts required of each survival item cannot be determined until further studies establish firm hospital supply listings.)

The average cost of a 200-bed emergency hospital has been estimated at $20,000 without the medical survival item contents for 30 days' need. The net additional cost for FY 1961 increment of 1000 hospitals would then be $20,000,000 which would bring the total procurement costs for the FY 1961 program up to $138,661,000.

According to the Business and Defense Services Administration of the Department of Commerce, industry could currently handle the orders associated with a $139,000,000 first year procurement program. Delivery delays can be expected, however, for those items not now produced in quantity. A procurement program covering the total 180-day post-attack medical survival item deficiency and emergency hospital needs ($723,734,000) would require about four years. This would allow time for orderly production capacity buildup and close-down. A high priority crash program where normal production product mix is adjusted and liberalized specifications are permitted, could reduce a 4-year procurement program by 12 to 18 months.

The Public Health Service Medical Advisory Committee recommended that the first 30 days post-attack supply be placed at the local level rather than in central warehouses. This, in effect, would follow the general lines of the current 200-bed pre-positioned hospital program. Such local supplies would be in the form of functional units and balanced bulk supplies stored in safe places to make up total requirements. Ideally, the amounts stored at any local level would augment the net remaining supplies expected to be available in the immediate geographic area. The reduced central OCDM warehousing system would serve as assembly and distribution points in accomplishing and maintaining the program.

The cost of such wide distribution may necessitate limitation as to number of storage units which are feasible. If 1000 such points are selected to cover 30 days' deficiency needs, the inventory value of each point would amount to about $345,000 and require about 5000 square feet of storage. Annual maintenance would cost from $6,000 to $10,000 a year per point depending on management personnel requirements. If state or community support is afforded, the maintenance costs would be reduced to the extent of such support.

If central warehousing is utilized for the FY 1961 material, the total additional space requirement would be about 1,500,000 square feet at an annual maintenance cost of about $4,350,000. Thus, we face a unique situation where if all of the present OCDM medical stockpile plus the FY 1961 increment of a total 180-day program were located at 1000 points, we would eliminate the need for any significant number of central warehouses to handle 30 days post-attack deficiency needs. If, however, the program expands beyond 30 days needs, then the balance would necessarily be stored in central warehouses as long-range reserves. The wisdom of expanded central storage points versus wide distribution of small storage points is then contingent upon completion of a total stockpile procurement program.

The rotation of short-life items is a constant problem in long-term storage programs. As a general formula, all deteriorating items where rotation costs are in excess of the replacement value measured in terms of life-span of the item, rotation is not feasible. At present, it would appear that the broad spectrum antibiotics, certain biologicals, and intravenous solutions would warrant a rotation system. The replacement cost of the other items would ostensibly be cheaper than the handling costs associated with rotation.

Other methods of creating reserves to augment the medical stockpile have received consideration. These methods include:

1. Personal stocks or kits of medical supplies with special emphasis on needs of chronically ill (i.e., insulin, digitalis) and self-care measures.
2. Mass vaccination of the pre-attack population.
3. Use of agricultural surplus to acquire survival items at foreign sources.
4. Dispersion of industry.
5. "Stockpiling" of manufacturing facilities.
6. Convertability of manufacturing facilities.
7. Increases in commercial inventories of bulk and finished products.

Each one of these methods require a degree of research and prototype programs to establish feasibility. It is not within the scope of this report to analyze and pass judgment as to the specific merits of the various alternate methods to agument stockpiling. However, certain recommendations are warranted in terms of present knowledge:

1. Continued publicity and Federal leadership should be given towards creating personal stocks of selected medical supplies and equipment. A medical manual or guide book now under development describing procedures for self and neighbor help will be an integral part of such a program.
2. To lessen the need for stockpiles of serums and vaccines the value of mass vaccination against selected diseases should be publicized and Federal support of the program should be considered.
3. Foreign procurement of medical survival items through the use of barter (P.L. 480 - Agricultural Trade and Assistance Act) cannot be evaluated until the OCDM P.L. 480 Committee accomplishes its mission. Committee action has been presently suspended pending Bureau of the Budget decision on the medical stockpile program.
4. Dispersion of industry, stockpiling of manufacturing facilities and convertability of manufacturing procedures are areas beyond the scope of this report.
5. Publicity and Federal leadership should be given towards programs which will tend to create voluntary increases in commercial inventories of essential medical survival items where such increases are feasible.

A plan whereby the Federal Government subsidizes the cost of increasing commercial inventories requires careful consideration. "Risk I Attack" indicated that inventories at existing commercial sites are subject to 50 to 94% loss. Inventory increases at existing commercial sites would not appear justified.

If Government warehouses were established in "safe areas" to handle increased commercial inventories, we would, in effect, be accomplishing a minor variation of the present OCDM warehouse system but with added administrative complexes. The original cost of increased commercial inventories would be substantially borne by the Federal Government. In addition, the extra costs for remote handling of such inventory by commercial interprises would also require Government support.

Since the actual "safe storage" warehousing costs will be approximately the same whether the medical items are commercial inventory increases or OCDM stockpiled items, the added administrative workload associated with audit and control for the several commercial activities which would be involved does not appear to justify a program of subsidized commercial inventory increases.

In lieu thereof, it is recommended that continued concentrated effort be made to develop rotation systems between industry and the Government whereby selected short shelf-life items can be replaced at regular intervals. Contract agreements must be realistic and developed jointly with all principal producers of the items concerned rather than contract awards to a single producer (the exception being where an item is produced by a single manufacturer).

XIII - SUMMARY

In reply to the request from the Director of Office of Civil and Defense Mobilization, to the Secretary of the Department of Health, Education, and Welfare, a medical stockpile program has been developed in accordance with the Policy Guidelines of OCDM.

A supply--requirements analysis is furnished which illustrates the national situation as of 0-30, 0-60, 0-90, and 0-180 days post-attack. The associated costs for procurement of those items where deficiencies are demonstrated are shown for each time period.

Surveys of national production as well as inventories of medical survival items located at producer, wholesale, hospital and retail drugstore levels of distribution in addition to the material now in stockpile furnished the factual basis for measurement of national supply assets.

Requirements for casualty and non-casualty care were developed by professional PHS advisory committees utilizing the available information pertinent to arriving at decisions dealing with post-attack medical care needs.

Recommendations for a FY 1961 increment of a total program have been presented and related to a system of distribution for effective post-attack utilization of material.

The information furnished by this report establishes a planning basis whereby the estimated quantities of materials required for six months of medical care for the surviving population can be identified and programs developed to create reserves of those items anticipated to be in short supply.

FOR OFFICIAL USE ONLY

NATIONAL INVENTORY AVAILABILITY, PRE-ATTACK AND POST-ATTACK

ITEM	UNIT OF MEASURE	PRODUCTION SITES		PRODUCER FIELD WAREHOUSE		WHOLESALERS		HOSPITALS		DRUG STORES		OCDM STOCKS		FEDERAL DEPOTS (EXCEPT MILITARY)		STATE AND LOCAL		TOTAL	
		PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK
ADHESIVE PLASTER	1000 Sq. Yd.	2,506	143	--	--	560	192	760	364	3,038	1,455	1,053	953	148	69	39	33	8,104	3,209
AIRWAY	Each	2,650	53	--	--	24,781	8,006	165,177	78,953	--	--	846,830	618,912	2,774	778	35,408	30,097	1,077,620	736,799
ALCOHOL (MED. USE)	Gal.	35,000,000*	17,500,000	--	--	203,609	68,388	132,500*	63,600	872,518	407,634	23,052	21,873	104,723	42,287	1,284	1,091	36,337,686	18,104,873
ANESTHESTICS, ETHER	Lb.	546,960	5,300	308,460	24,380	45,071	15,900	385,404	184,133	69,605	34,251	506,787	463,335	8,551	3,427	2,568	2,183	1,873,406	732,909
ANESTHETICS, GASES	1000 Gal.	730	73	292	36	--	--	24,211	11,569	--	--	17,394	16,738	--	--	321	273	42,948	28,689
ANESTHETICS, LOCAL	Lb.	141,461	4,817	4,274	186	798	302	1,529	730	6,347	3,093	156	149	151	63	8	7	154,724	9,347
ANTIBIOTICS, BROAD SPECT.	Gm.	135,998,000	20,885.180	42,068,220	1,902,700	7,224,854	2,464,924	7,094,156	3,391,152	19,980,413	9,339,484	16,155,016	13,240,539	216,419	69,153	18,725	15,916	228,755,503	51,309,048
ANTIBIOTICS, PENICILLIN	Million Units	150,626,000	9,245.390	35,939,300	1,131,020	6,761,740	2,374,400	7,509,040	3,588,100	21,621,325	10,510,761	6,099,906	6,024,778	382,375	173,434	16,050	13,642	228,955,736	33,061,455
ANTIBIOTICS, STREPTOMYCIN	Gm.	81,408,000	5,676,300	32,678,740	1,023,960	1,075,587	369,834	4,374,832	2,091,062	1,795,726	876,685	272,620	249,349	7,897	6,239	5,350	4,548	121,618,747	10,297,977
ANTISEPTICS, SURGICAL	Gal.	32,502	2,978	6,696	633	672,361	234,846	910,071	435,011	49,905	24,155	580,104	550,598	4,262	3,368	57,976	49,280	2,313,877	1,300,869
ASPIRIN	Lb.	2,020,360	725,040	624,340	14,840	473,460	153,859	58,099	27,783	2,565,772	1,195,925	--	--	15,011	8,105	--	--	5,757,042	2,125,552
ATROPINE	Gm.	50,666	1,292	171,501	5,018	481	60	133,366	63,798	1,252,089	625,940	12,016	10,901	2,290	1,164	9	8	1,622,418	708,181
BANDAGE, FIRST AID (BAND AID)	Box of 100	4,000,000*	260,000	--	--	1,502,892	470,652	78,480*	37,670	2,500,000*	1,225,000	20,954	19,966	11,754	6,204	1,070	910	8,115,150	2,020,402
BANDAGE, GAUZE, ROLLER	1000 Sq. Yd.	11,707	1,113	--	--	1,216	393	2,445	1,169	3,405	1,624	28,099	24,512	575	283	2,846	2,419	50,293	31,513
BANDAGE, MUSLIN	Sq. Yd.	152,640	5,300	--	--	21,836	9,752	573,036	273,798	--	--	4,505,669	4,258,202	20,488	7,687	2,492,934	2,118,994	7,766,603	6,673,733
BANDAGE, PLASTER PARIS	1000 Sq. Yd.	1,247	5	--	--	335	114	1,250	598	124	58	9,723	8,911	61	24	8	7	12,768	9,717
BARBITURATES	Lb.	225,535	2,049	94,919	3,284	28,730	9,075	16,123	7,704	66,841	32,370	40,079	35,745	4,167	1,510	751	638	477,145	92,375
BLOOD COLLECTING BOTTLES	1000's	735	170	--	--	152	60	427	205	--	--	2,995	2,443	--	--	3	3	4,312	2,881
BLOOD COLLECTING TUBE, VACUUM	1000's	5,857	5,314	--	--	--	--	3,409	1,627	--	--	6,348	6,054	--	--	--	--	15,614	12,995
BLOOD DONOR SETS	1000's	947	278	--	--	192	70	544	260	--	--	3,398	2,784	--	--	2,303	1,958	7,384	5,350
BLOOD RECIPIENT SETS	1000's	1,558	519	--	--	326	116	679	325	--	--	3,080	2,477	--	--	2,621	2,228	8,264	5,665
BLOOD GROUPING SERA	cc	471,700	27,560	10,600	--	39,072	11,017	13,997	6,693	--	--	375,228	368,076	--	--	642	546	911,239	413,892
BLOOD TYPING SERA	cc	101,526	18,874	3,477	230	46,355	13,716	13,411	6,410	--	--	258,519	255,346	--	--	321	273	423,609	294,849
BLOOD TYPING SERA, ANTIHUMAN	cc	125,520	7,063	2,788	108	23,176	6,663	5,834	2,790	--	--	205,227	205,227	--	--	--	--	362,545	221,851
BLOOD VOLUME EXPAND (DEXTRAN)	500 cc	95,395	10,950	54,925	1,504	49,845	14,221	64,566	30,859	--	--	4,451,348	4,153,464	--	--	893,704	759,648	5,609,783	4,970,646
BOVINE ALBUMIN	cc	120,840	8,480	--	--	85,134	26,291	25,073	11,982	--	--	1,767,430	1,714,201	--	--	5,350	4,548	2,003,827	1,765,502
BOTUTULISM ANTITOXIN	1000 Unit	3,774	986	7,950	64	108	52	8,481	4,053	--	--	114,200	29,690	--	--	--	--	134,513	34,845
BRUSH, SURGICAL SCRUB	Each	2,800,000*	1,400,000	--	--	101,000*	50,500	144,000*	72,000	1,200,000*	600,000	31,600	25,300	--	--	--	--	4,276,600	2,147,800
CAP, SURGEONS	Doz.	6,360	--	--	--	8,296	2,667	13,080*	6,278	--	--	--	--	--	--	--	--	27,736	8,945
CARDIAC-RESPIRATORY STIMS.	Avg. Dose	105,426,633	1,423,893	194,405,560	10,273,512	39,304,800	13,509,700	5,049,840	2,411,500	127,883,529	61,651,836	308,900	294,151	1,646,403	747,584	16,050	13,642	474,041,715	90,325,818
CATHETERS, URETHRAL	Doz.	23,722	4,204	--	--	59,807	19,430	168,464	80,814	43,708	21,663	8,190	7,794	7,442	2,729	428	364	311,761	136,998
CELLULOSE, ABSORBENT	1000 Lbs.	121	--	--	--	87	28	238	114	--	--	1,728	1,511	16	2	110	94	2,300	1,749
CHOLERA VACCINE	1000 cc	225	37	25	--	29	10	--	--	--	--	2,000	--	--	--	--	--	2,279	47
COMPRESSES (FCDA SPEC)	1000 Sq. Yd.	19	--	--	--	--	--	--	--	--	--	4,228	3,627	--	--	396	337	4,643	3,964
COTTON	1000 Lbs.	1,248	11	--	--	307	98	199	95	1,188	546	--	--	20	8	36	31	2,998	789
DETERGENTS, SURGICAL	Gal.	41,499	1,484	7,144	774	13,695	4,737	26,160*	12,557	43,771	21,093	21,848	20,779	11,816	4,594	1,156	983	167,089	67,001
DIGITALIS AND DERIVS.	1000 USP Units	346,614	--	19,845	--	44,382	15,776	21,604	10,423	104,888	50,358	50	47	1,406	597	3	3	538,992	77,204
DIPHTHERIA ANTITOXIN	1000 Unit	914,950	89,432	179,882	869	79,426	29,775	170,501	81,493	306,680	142,602	4,000,000	408,000	--	--	--	--	5,651,439	752,171
DIPHTHERIA AND TETANUS TOXOIDS	1000 cc	2,218	394	382	15	46	18	47	22	177	90	1,000	40	1	1	--	--	3,871	580
DIPHTHERIA, PERTUSSIS & TETANUS	1000 cc	10,986	1,559	1,059	54	153	52	93	45	900	458	3,000	--	--	--	--	--	16,191	2,168
DRAINS, PENROSE	Doz.	12,061	2,393	--	--	11,389	3,566	69,868	33,392	--	--	12,279	11,686	2,103	1,005	642	546	108,342	52,588
DRAPES, SURGICAL	Each	850,000*	102,000	--	--	28,340*	10,202	340,080*	163,238	--	--	90,760	75,633	--	--	--	--	1,309,180	351,073
DRESSING FIRST AID(FCDA SPEC)	1000's	--	--	--	--	--	--	--	--	--	--	17,727	15,736	--	--	2,577	2,190	20,304	17,926
FORCEPS, HEMOSTATIC	Each	84,853	1,463	--	--	159,353	50,922	1,532,934	732,736	--	--	1,608,648	1,437,897	23,633	7,369	189,978	161,481	3,599,399	2,391,868
FORCEPS, DRESSING	Each	31,005	106	--	--	56,938	18,355	200,161	95,675	--	--	518,721	466,708	5,278	2,316	14,498	12,323	826,601	595,483
FORCEPS, NEEDLE HOLDER	Each	22,154	276	--	--	19,855	6,460	194,439	92,940	--	--	261,522	233,762	2,094	867	2,568	2,183	502,632	336,488
FORCEPS, OBSTETRICAL	Each	901	--	--	--	3,080	866	48,558	23,210	--	--	4,095	3,898	--	--	214	182	56,848	28,156
FORCEPS, TISSUE	Each	34,768	--	--	--	55,723	19,085	317,578	151,829	--	--	292,072	213,608	6,046	2,272	18,968	16,140	725,175	402,934
GAS-GANGRENE ANTITOXIN	Vial	8,847	1,072	29,797	166	2,790	984	34,875	16,670	10,566	5,470	62,500	15,625	--	--	--	--	149,375	39,987
GAUZE, ABSORBENT	1000 Sq. Yd.	7,678	186	--	--	1,433	460	11,782	5,632	2,130	1,010	13,834	11,924	874	225	674	573	38,405	20,010
GAUZE, PACKING	Sq. Yd.	61,480	--	--	--	22,366	10,070	1,910,862	913,402	--	--	11,665	11,048	15,131	7,215	546	464	2,022,050	942,199
GAUZE, PADS (SPONGE)	1000's	6,445	--	--	--	71,901	27,006	241,932	115,641	45,078	21,168	184,036	162,037	55,780	25,149	7,728	6,569	612,900	357,570
GLOVES, SURGEONS, RUBBER	Doz. Prs.	154,071	98,133	--	--	163,286	50,614	288,903	138,093	76,522	35,598	53,037	50,664	21,081	7,365	2,568	2,183	759,468	382,650
HANDLE, SURGICAL KNIFE	Each	27,560	7,950	--	--	22,557	7,388	169,823	81,154	--	--	473,249	391,079	5,567	2,157	42,840	36,414	741,596	526,142
INSULIN	1000 Unit	3,261,408	163,558	171,614	11,448	860,646	284,684	201,739	96,396	1,674,811	796,161	7,557	7,193	--	--	478	364	6,178,203	1,359,804
I.V. INJECTION SETS	1000's	5,110	862	--	--	820	306	1,542	738	--	--	10,087	8,850	--	--	8	7	17,567	10,763
I.V. SOLUTIONS	1000 Liter	3,793	770	1,297	136	2,534	771	2,651	1,267	489	247	19,963	17,578	--	--	16	14	30,743	20,783
KNIFE, SURGICAL(BLADE ONLY)	1000's	3,816	1,959	--	--	3,684	1,241	7,133	3,410	--	--	3,621	2,993	865	351	257	218	19,376	10,172
KNIFE, CAST CUTTING	Each	922	64	--	--	1,524	530	13,148	6,288	--	--	16,270	15,486	13	--	856	728	32,733	23,096
LIGHT, PORTABLE, SURGICAL	Each	2,449	1,049	--	--	1,326	482	16,224	7,751	--	--	13,833	9,725	--	--	321	273	34,153	19,280
LITTERS	Each	3,562	2,237	--	--	767	214	21,730	10,388	--	--	418,129	387,212	--	--	83,112	70,645	527,300	470,696
LUBRICANT, SURGICAL	Lb.	124,020	1,060	25,440	3,180	67,841	23,782	194,439	92,940	229,590	110,006	18,536	17,949	265	210	642	546	660,773	249,673
MASK, ETHER INHALER	Each	191	--	--	--	2,777	891	55,875	26,707	--	--	89,664	89,072	--	--	642	546	149,149	117,216
MASK, SURGEONS	Doz.	24,380	--	--	--	28,575	7,102	45,780*	21,974	--	--	16,950	16,950	20,245	3,690	--	--	135,880	49,716
NAPKINS, SANITARY	1000 Doz.	21,099	7,197	--	--	8,843	2,848	2,803	1,342	12,926	5,925	44	40	78	55	3	3	45,796	17,410
NARCOTICS, CODEINE	Oz.	159,776	2,745	245,133	4,489	55,846	19,822	14,200*	6,816	558,282	271,116	--	--	2,996	1,456	--	--	1,036,233	306,444
NARCOTICS EXCEPT CODEINE	1000 ½ Gr. Morphine or Equiv.	94,571	1,866	29,321	85	23,994	8,550	22,607	10,804	62,579	30,082	--	--	1,064	655	--	--	234,136	52,042
NEEDLES, HYPO. (RE-USABLE)	1000's	10,271	121	--	--	6,733	2,366	8,254	3,945	12,325	6,032	4,565	3,990	1,008	385	262	223	43,418	17,062
NEEDLES, SURGEONS	1000's	10,457	1,641	--	--	2,986	957	5,689	2,814	--	--	14,016	12,302	467	172	9	8	33,819	17,894
OXYGEN	1000 Gal.	60,000*	18,000	--	--	--	--	NO SURVEY	--	--	--	5,177	4,799	--	--	254	216	65,431	23,015
PADS, ABDOMINAL	Lin. Yd.	2,231,300	100,700	--	--	340,790	119,992	7,096,700	3,392,106	--	--	92,025	87,574	1,312,878	621,559	4,815	4,093	11,078,508	4,326,024
PLAGUE VACCINE	cc	25,440	--	--	--	254	90	--	--	--	--	2,000,000	2,000,000	--	--	--	--	2,025,694	2,000,090

NATIONAL INVENTORY AVAILABILITY, PRE-ATTACK AND POST-ATTACK

ITEM	UNIT OF MEASURE	PRODUCTION SITES		PRODUCER FIELD WAREHOUSE		WHOLESALERS		HOSPITALS		DRUG STORES		OCDM STOCKS		FEDERAL DEPOTS (EXCEPT MILITARY)		STATE AND LOCAL		TOTAL	
		PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK	PRE-ATTACK	POST ATTACK
PROBE, GEN. OPERATING	Each	17,278	--	--	--	22,889	7,302	104,750	50,072	--	--	12,576	11,984	4,496	1,533	642	546	162,631	71,437
RABIES, IMMUNE SERUM	1000 Unit	329	86	184	21	437	167	2,545	1,216	--	--	25.000	6,500	--	--	--	--	28,495	7,990
RABIES VACCINE	Dose	184,440	20,140	4,240	--	6,986	2,952	22,259	10,634	515	266	25,000	--	--	--	--	--	243,440	33,992
RETRACTORS	Each	2,915	--	--	--	15,143	4,706	309,469	147,926	--	--	135,031	123,172	242	63	14,922	12,684	477,722	288,550
RONGUER, BONE	Each	1,628	--	--	--	2,426	783	46,014	21,995	--	--	12,272	11,680	143	20	642	546	63,325	35,024
SAW, BONE, AMPUTATING	Each	3,185	74	--	--	1,532	518	16,329	7,795	--	--	8,225	7,828	1,423	652	428	364	31,122	17,231
SERUM ALBUMIN	25 Gm.	34,393	1,763	14,183	462	1,411	412	41,915	20,031	--	--	906,393	762,488	--	--	957,862	814,183	1,956,157	1,599,339
SCISSORS, BANDAGE	Each	21,730	901	--	--	63,033	21,783	112,702	53,869	--	--	679,672	603,854	1,770	821	42,519	36,141	921,426	717,369
SCISSORS, GEN. OPERATING	Each	63,918	4,134	--	--	77,080	25,185	289,114	138,200	--	--	898,086	744,924	8,209	2,654	83,112	70,645	1,419,519	985,742
SMALLPOX VACCINE	1000 Capillary Tube	14,741	764	661	--	251	93	45	21	305	147	39,980	160	--	--	--	--	55,983	1,185
SPLINT, THOMAS	Each	424	201	--	--	2,746	565	66,155	31,623	--	--	343,465	331,058	42	7	80,544	68,462	493,375	431,916
SPLINT, WIRE LADDER	Each	23,320	9,328	--	--	2,012	548	15,053	7,196	--	--	1,707,203	1,587,721	32	28	241,632	205,387	1,989,252	1,810,208
STETHOSCOPE	Each	5,925	--	--	--	15,721	4,896	44,745	21,384	--	--	32,742	31,159	1,117	539	1,712	1,455	101,962	59,433
STOCKINETTE	Sq. Yd.	20,140	--	--	--	54,481	17.136	325,301	155,494	294,869	141,956	770,261	684,459	25,405	9,323	1,391	1,182	1,491,848	1,009,550
SULFONAMIDES	Lb.	1,335,600	47,700	625,400	437,780	53,032	18,836	38,467	18,370	143,043	70,810	525,582	458,184	21,988	9,191	14,784	12,566	2,757,896	1,073,437
SUTURE, ABSORBABLE	1000 Doz.	429	45	--	--	252	80	1,063	508	--	--	209	206	--	--	4	3	1,957	842
SUTURE, NON-ABSORBABLE	1000 Doz.	148	32	--	--	200	74	479	229	--	--	--	--	--	--	0	0	827	335
SUTURE, NON-ABSORBABLE, BULK	1000 Yds.	NO SURVEY	--	--	--	4,381,569	1,530,590	--	--	--	--	281,782	247,959	--	--	10,261	8,722	4,673.612	1.787,271
SYRINGE, HYPO. (RE-USABLE)	1000's	1,473	81	--	--	1,241	372	3,790	1,812	1,011	489	3,702	3,597	300	107	51	43	11,568	6,501
TETANUS ANTITOXIN	1000 Unit	3,925,466	469,410	2,518,009	18,921	189,358	75,419	648,826	310,135	466,724	236,373	6,045,000	793,440	318	251	--	--	13,793,701	1,903,949
TETANUS TOXOID	1000 cc	2,672	313	--	--	122	46	343	164	361	186	1,252	66	1	1	--	--	4,751	776
THERMOMETERS, CLINICAL	1000's	2,201	92	--	--	1,381	410	2,643	1,264	3,662	1,731	671	638	346	140	35	30	10,939	4,305
TOURNIQUET NON-PNEUMATIC	Each	370,000*	203,500	--	--	7,218	2,151	65,400*	31,392	--	--	36	36	83	2	212,346	180,494	655,083	417,575
TRACHEOTOMY TUBES	Each	2,798	--	--	--	11,349	3,818	234,760	112,719	--	--	36,852	35,082	93	43	1,925	1,636	287,777	152,798
TUBE, DUODENAL	Doz.	3,808	648	--	--	9,706	3,296	18,456	8,824	--	--	5,008	4,815	1,581	823	214	182	38,773	18,588
TUBING "T" AND "Y" CONNECTORS	Each	92,500*	50,875	--	--	354,913	123,448	2,038,113	974,187	--	--	170,208	167,150	--	--	3,852	3,274	2,659,586	1,318,934
TUBING RUBBER OR PLASTIC	1000 Ft.	5,191	2,845	--	--	296	90	1,951	933	2,509	1,195	715	681	--	--	37	31	10,699	5,775
TYPHUS VACCINE (EPIDEMIC)	1000 cc	128	19	14	--	31	10	--	--	20	10	3,984	80	--	--	--	--	4,177	119
TYPHOID VACCINE	1000 cc	1,547	241	167	6	70	28	71	34	164	85	2,915	133	6	5	--	--	4,940	532
WADDING, SHEET COTTON	Sq. Yd.	364,640	--	--	--	143,524	50,244	1,322,456	632,290	--	--	2,922,890	2,700,565	80,646	34,696	137,450	115,832	4,971,606	3,534,627
WATER FOR INJECTION	Liter	87,559	10,511	30,495	2,640	22,796	14,657	47,961	22,818	--	--	2,318	2,201	--	--	160	136	191,289	52,963
WEBBING, TEXTILE	Yds.	NO SURVEY	- -	--	--	15,062	5,871	--	--	--	--	1,125,896	1,022,023	--	--	161,088	136,925	1,302,046	1,164,819
YELLOW FEVER VACCINE	1000 Dose	7,420	--	--	--	--	--	--	--	--	--	4,000	--	--	--	--	--	11,420	--

(--) Indicates none or insignificant amounts on hand.

*Estimated

FOR OFFICIAL USE ONLY

RESOURCES AND REQUIREMENTS SUMMARY

FOR FIRST 30 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties	Non-Casualties	Total A & B	Inventory All Levels	Production	Total D & E		Unit Cost	Total Cost (000)
		A	B	C	D	E	F	G	H	I
Adhesive Plaster	1000 sq.yd.	1,170	1,944	3,114	3,209	0	3,209	0	456.37	0
Airway	each	468,234	778	469,012	736,799	0	736,799	0	.27	0
Alcohol	gal.	390,000	272,160	662,160	18,104,873	0	18,104,873	0	1.52	0
Anesthetics, ether	lb.	468,234	38,102	506,336	732,909	0	732,909	0	1.13	0
Anesthetics, gases	1000 gal.	97,500	0	97,500	28,689	0	28,689	68,811	50.00	3,441
Anesthetics, local	lb	1,072	21,514	22,586	9,347	0	9,347	13,239	471.77	6,246
Antibiotics, Br. Spec. - chloramphenicol	Gm.	5,850,000	13,050,720	18,900,720	6,984,774	0	6,984,774	11,915,946	.51	6,077
Antibiotics, Br. Spec. - exclude "	Gm.	22,642,000	12,713,760	35,355,760	44,324,274	0	44,324,274	0	.81	0
Antibiotics, penicillin	million unit	10,535,200	122,601,600	133,136,800	33,061,455	0	33,061,455	100,075,345	.052	5,204
Antibiotics, streptomycin	Gm.	468,234	13,436,928	13,905,162	10,297,977	0	10,297,977	3,607,185	.10	361
Antiseptics, surgical	gal.	390,195	32,011	422,206	1,300,869	0	1,300,869	0	2.41	0
Aspirin	lb.	46,456	2,579,040	2,625,496	2,125,552	0	2,125,552	499,944	.854	427
Atropine	Gm.	2,600	1,490	4,090	708,181	0	708,181	0	1.36	0
Bandage, first aid (Band Aid)	box of 100	195,000	4,717,440	4,912,440	2,020,402	0	2,020,402	2,892,038	.28	810
Bandage, gauze, roller	1000 sq.yd.	24,628	12,960	37,588	31,513	0	31,513	6,075	135.35	822
Bandage; muslin	sq.yd.	2,473,055	34,862	2,507,917	6,673,733	0	6,673,733	0	.34	0
Bandage, plaster paris	1000 sq.yd.	7,494	648	8,142	9,717	0	9,717	0	341.75	0
Barbiturates	lb.	25,902	27,994	53,896	92,375	0	92,375	0	28.77	0
Blood collecting bottles	1000's	22,280	91	22,371	2,881	0	2,881	19,490	310.00	6,042
Blood collecting tube, vacuum	1000's	53,855	907	54,762	12,995	0	12,995	41,767	46.80	1,955
Blood donor sets	1000's	25,627	91	25,718	5,350	0	5,350	20,368	301.84	6,148
Blood recipient sets	1000's	25,627	91	25,718	5,665	0	5,665	20,053	358.00	7,179
Blood grouping sera	cc	6,473,806	51,451	6,525,257	413,892	0	413,892	6,111,365	.28	1,711
Blood typing sera	cc	2,096,865	9,720	2,106,585	294,849	0	294,849	1,811,736	.33	598
Blood typing sera, anti-human	cc	1,170,585	8,294	1,178,879	221,851	0	221,851	957,028	1.87	1,790
Blood volume expanders (Dextran)	500cc	7,150,000	196,085	7,346,085	4,970,646	0	4,970,646	2,375,439	1.72	4,086
Bovine albumin	cc	1,625,000	16,978	1,641,978	1,765,502	0	1,765,502	0	.21	0
Botulism antitoxin	1000 unit	0	0	0	34,845	0	34,845	0	1.46	0
Brush, surgical scrub	each	180,000	324,000	504,000	2,147,800	0	2,147,800	0	.41	0
Cap, surgeons	doz.	45,000	648	45,648	8,945	0	8,945	36,703	1.68	62
Cardiac-Respiratory stimulants	avg. dose	97,552	145,152	242,704	90,325,818	0	90,325,818	0	.05	0
Catheters, urethral	doz.	135,414	25,142	160,556	136,998	0	136,998	23,558	4.32	102
Cellulose, absorbent	1000 lb.	2,802	259	3,061	1,749	0	1,749	1,312	340.16	446
Cholera vaccine	1000cc	0	0	0	47	0	47	0	8.50	0
Compresses (FCDA Spec.)	1000 sq.yd.	6,916	0	6,916	3,964	0	3,964	2,952	3,290.00	9,712
Cotton	1000 lb.	130	1,555	1,685	789	0	789	896	770.00	690
Detergents, surgical	gal.	975,488	193,622	1,169,110	67,001	0	67,001	1,102,109	.50	551
Digitalis and derivatives	1000 USP unit	2,282	45,619	47,901	77,204	0	77,204	0	210.00	0
Diphtheria antitoxin	1000 unit	1,814	36,158	37,972	752,171	0	752,171	0	.07	0
Diphtheria & tetanus toxoids	1000cc	520	10,368	10,888	580	0	580	10,308	26.00	268
Diphtheria pertussis & tetanus	1000cc	182	3,629	3,811	2,168	0	2,168	1,643	39.90	66
Drains, Penrose	doz.	130,000	9,202	139,202	52,588	0	52,588	86,614	1.68	146
Drapes, surgical	each	260,000	13,738	273,738	351,073	0	351,073	0	2.25	0
Dressing, first aid (FCDA Spec.)	1000	2,782	0	2,782	17,926	0	17,926	0	328.00	0
Forceps, hemostatic	each	1,950,000	158,112	2,108,112	2,391,868	0	2,391,868	0	1.44	0
Forceps, dressing	each	812,500	9,850	822,350	595,483	0	595,483	226,867	1.26	286
Forceps, needle holder	each	325,000	17,107	342,107	336,488	0	336,488	5,619	1.91	11
Forceps, obstetrical	each	15,000	3,110	18,110	28,156	0	28,156	0	14.02	0
Forceps, tissue	each	325,000	20,606	345,606	402,934	0	402,934	0	1.24	0
Gas gangrene antitoxin	vial	1,736	34,992	36,728	39,987	0	39,987	0	2.32	0
Gauze, absorbent	1000 sq.yd.	23,309	6,610	29,919	20,010	0	20,010	9,909	45.26	448
Gauze packing	sq.yd.	361,075	4,666	365,741	942,199	0	942,199	0	1.14	0
Gauze pads (sponge)	1000's	280,800	898,646	1,179,446	357,570	0	357,570	821,876	6.92	5,687
Gloves, surgeons rubber	doz.prs.	585,000	339,034	924,034	382,650	0	382,650	541,384	2.04	1,104
Handle, surgical knife	each	650,000	11,405	661,405	526,142	0	526,142	135,263	.60	81
Insulin	1000 unit	43,498	867,283	910,781	1,359,804	0	1,359,804	0	.96	0
I.V. Injection sets	1000's	12,448	1,555	14,003	10,763	0	10,763	3,240	300.00	972
I.V. Solutions	1000 liter	56,707	1,944	58,651	20,783	0	20,783	37,868	400.00	15,147
Knife, surgical (Blade only)	1000's	5,616	1,166	6,782	10,172	0	10,172	0	37.82	0
Knife, cast cutting	each	45,000	376	45,376	23,096	0	23,096	22,280	.51	11
Light, portable, surgical	each	22,500	3,434	25,934	19,280	0	19,280	6,654	90.88	605

FOR FIRST 60 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties	Non-Casualties	Total A & B	Inventory All Levels	Production	Total D & E		Unit Cost	Total Cost (000)
		A	B	C	D	E	F	G	H	I
Adhesive Plaster	1000 sq.yd.	1,287	3,974	5,261	3,209	0	3,209	2,052	456.37	936
Airway	each	515,060	2,692	517,752	736,799	0	736,799	0	.27	0
Alcohol	gal.	429,000	1,153,800	1,582,800	18,104,873	0	18,104,873	0	1.52	0
Anesthetics, ether	lb.	515,060	131,918	646,978	732,909	0	732,909	0	1.13	0
Anesthetics, gases	1000 gal.	107,250	0	107,250	28,689	0	28,689	78,561	50.00	3,928
Anesthetics, local	lb	1,183	42,562	43,745	9,347	0	9,347	34,398	471.77	16,228
Antibiotics, Br. Spec. - chloramphenicol	Gm.	6,435,000	32,280,760	38,715,760	6,984,774	0	6,984,774	31,730,986	.51	16,183
Antibiotics, Br. Spec. - exclude "	Gm.	33,837,000	20,960,700	54,797,700	44,324,274	0	44,324,274	10,473,426	.81	8,483
Antibiotics, penicillin	million unit	11,588,850	181,915,800	193,504,650	33,061,455	0	33,061,455	160,443,195	.052	8,343
Antibiotics, streptomycin	Gm.	515,060	26,743,802	27,258,862	10,297,977	0	10,297,977	16,960,885	.10	1,696
Antiseptics, surgical	gal.	429,195	63,587	492,782	1,300,869	0	1,300,869	0	2.41	0
Aspirin	lb.	51,103	5,089,540	5,140,643	2,125,552	86,000	2,211,552	2,929,091	.854	2,501
Atropine	Gm.	2,860	2,949	5,809	708,181	0	708,181	0	1.36	0
Bandage, first aid (Band Aid)	box of 100	214,500	8,166,340	8,380,840	2,020,402	0	2,020,402	6,360,438	.28	1,781
Bandage, gauze, roller	1000 sq.yd.	27,092	21,538	48,630	31,513	0	31,513	17,117	135.35	2,317
Bandage; muslin	sq.yd.	2,720,380	57,434	2,777,814	6,673,733	0	6,673,733	0	.34	0
Bandage, plaster paris	1000 sq.yd.	8,242	1,410	9,652	9,717	0	9,717	0	341.75	0
Barbiturates	lb.	28,496	55,511	84,007	92,375	0	92,375	0	28.77	0
Blood collecting bottles	1000's	34,335	320	34,655	2,881	0	2,881	31,774	310.00	9,850
Blood collecting tube, vacuum	1000's	78,887	3,205	82,092	12,995	360	13,355	68,737	46.80	3,217
Blood donor sets	1000's	38,013	320	38,333	5,350	45	5,395	32,938	301.84	9,942
Blood recipient sets	1000's	38,013	320	38,333	5,665	35	5,700	32,633	358.00	11,683
Blood grouping sera	cc	10,470,236	132,302	10,602,538	413,892	0	413,892	10,188,646	.28	2,853
Blood typing sera	cc	3,110,330	34,999	3,145,329	294,849	0	294,849	2,850,480	.33	941
Blood typing sera, anti-human	cc	1,287,650	29,871	1,317,521	221,851	0	221,851	1,095,670	1.87	2,049
Blood volume expanders (Dextran)	500cc	7,868,900	355,499	8,224,399	4,970,646	0	4,970,646	3,253,753	1.72	5,596
Bovine albumin	cc	1,787,500	61,664	1,849,164	1,765,502	0	1,765,502	83,662	.21	18
Botulism antitoxin	1000 unit	930	18,333	19,263	34,845	0	34,845	0	1.46	0
Brush, surgical scrub	each	180,000	641,000	821,000	2,147,800	0	2,147,800	0	.41	0
Cap, surgeons	doz.	45,000	3,718	48,718	8,945	0	8,945	39,773	1.68	67
Cardiac-Respiratory stimulants	avg. dose	107,308	289,732	397,040	90,325,818	0	90,325,818	0	.05	0
Catheters, urethral	doz.	135,414	49,870	185,284	136,998	0	136,998	48,286	4.32	209
Cellulose, absorbent	1000 lb.	3,081	513	3,594	1,749	14	1,763	1,831	340.16	623
Cholera vaccine	1000cc	14	269	283	47	0	47	236	8.50	2
Compresses (FCDA Spec.)	1000 sq.yd.	7,605	0	7,605	3,964	0	3,964	3,641	3,290.00	11,979
Cotton	1000 lb.	143	3,077	3,220	789	0	789	2,431	770.00	1,871
Detergents, surgical	gal.	1,073,040	319,218	1,392,258	67,001	0	67,001	1,325,257	.50	663
Digitalis and derivatives	1000 USP unit	4,596	90,637	95,233	77,204	0	77,204	18,029	210.00	3,786
Diphtheria antitoxin	1000 unit	6,636	130,892	137,528	752,171	0	752,171	0	.07	0
Diphtheria & tetanus toxoids	1000cc	780	15,384	16,164	580	0	580	15,584	26.00	405
Diphtheria pertussis & tetanus	1000cc	370	7,307	7,677	2,168	0	2,168	5,509	39.90	220
Drains, Penrose	doz.	143,000	18,076	161,076	52,588	0	52,588	108,488	1.68	182
Drapes, surgical	each	260,000	26,922	286,922	351,073	0	351,073	0	2.25	0
Dressing, first aid (FCDA Spec.)	1000	3,062	0	3,062	17,926	0	17,926	0	328.00	0
Forceps, hemostatic	each	1,950,000	314,987	2,264,987	2,391,868	0	2,391,868	0	1.44	0
Forceps, dressing	each	812,500	19,486	831,986	595,483	0	595,483	236,503	1.26	298
Forceps, needle holder	each	325,000	44,101	369,101	336,488	0	336,488	32,613	1.91	62
Forceps, obstetrical	each	15,000	8,077	23,077	28,156	0	28,156	0	14.02	0
Forceps, tissue	each	325,000	33,973	358,973	402,934	0	402,934	0	1.24	0
Gas gangrene antitoxin	vial	2,314	46,152	48,466	39,987	0	39,987	8,479	2.32	20
Gauze, absorbent	1000 sq.yd.	25,642	10,897	36,539	20,010	0	20,010	16,529	45.26	748
Gauze packing	sq.yd.	397,150	27,563	424,713	942,199	0	942,199	0	1.14	0
Gauze pads (sponge)	1000's	308,880	1,555,579	1,864,459	357,570	0	357,570	1,506,889	6.92	10,428
Gloves, surgeons rubber	doz.prs.	585,000	586,900	1,171,900	382,650	14,354	397,004	774,896	2.04	1,581
Handle, surgical knife	each	650,000	29,358	679,358	526,142	1,000	527,142	152,216	.60	91
Insulin	1000 unit	87,516	1,726,085	1,813,601	1,359,804	0	1,359,804	453,797	.96	436
I.V. Injection sets	1000's	16,372	3,205	19,577	10,763	55	10,818	8,759	300.00	2,628
I.V. Solutions	1000 liter	94,526	3,846	98,372	20,783	0	20,783	77,589	400.00	31,036
Knife, surgical (Blade only)	1000's	6,175	2,949	9,124	10,172	147	10,319	0	37.82	0
Knife, cast cutting	each	45,000	756	45,756	23,096	0	23,096	22,660	.51	12
Light, portable, surgical	each	22,500	5,936	28,436	19,280	50	19,330	9,106	90.88	828

FOR OFFICIAL USE ONLY

RESOURCES AND REQUIREMENTS SUMMARY

FOR FIRST 30 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties A	Non-Casualties B	Total A & B C	Inventory All Levels D	Production E	Total D & E F	G	Unit Cost H	Total Cost (000) I
Litters	each	487,500	2,851	490,351	470,696	0	470,696	19,655	7.96	156
Lubricant, surgical	lb.	195,000	25,790	220,790	249,673	0	249,673	0	.64	0
Mask, ether inhaler	each	195,000	3,110	198,110	117,216	0	117,216	80,894	1.30	105
Mask, surgeons	doz.	541,000	1,555	542,555	49,716	0	49,716	492,839	.94	463
Napkins, sanitary	1000 doz.	1,560	31,752	33,312	17,410	0	17,410	15,902	224.05	3,563
Narcotics, codeine	oz.	2,710	291,600	294,310	306,444	0	306,444	0	17.50	(0) *
Narcotics, except codeine	1000 ½ gr. morph. or equiv.	92,300	69,595	161,895	52,042	0	52,042	109,853	27.00	(2,966)*
Needles, hypodermic (re-usable)	1000's	7,800	6,480	14,280	17,062	0	17,062	0	66.20	0
Needles, surgeons	1000's	22,477	1,037	23,514	17,894	0	17,894	5,620	51.26	288
Oxygen	1000 gal.	17,100	0	17,100	23,015	0	23,015	0	83.00	0
Pads, abdominal	lin.yd.	1,803,750	201,398	2,005,148	4,326,024	0	4,326,024	0	.09	0
Plague vaccine	cc.	8,125	162,000	170,125	2,000,090	0	2,000,090	0	.065	0
Probe, general operating	each	195,000	2,722	197,722	71,437	0	71,437	126,285	.44	56
Rabies, immune serum	1000 unit	0	0	0	7,990	0	7,990	0	4.15	0
Rabies vaccine	Dose	0	0	0	33,992	0	33,992	0	.33	0
Retractors	each	325,000	765	325,765	288,550	0	288,550	37,215	2.73	102
Rongeur, bone	each	65,000	52	65,052	35,024	0	35,024	30,028	7.50	225
Saw bone, amputating	each	65,000	1,140	66,140	17,231	0	17,231	48,909	3.36	164
Serum albumin	25 gm.	2,600,000	2,722	2,602,722	1,599,339	0	1,599,339	(1,003,383)	40.00	(40,135)*
Scissors, bandage	each	975,000	45,360	1,020,360	717,369	0	717,369	302,991	2.00	606
Scissors, general operating	each	1,300,000	114,307	1,414,307	985,742	0	985,742	428,565	1.59	681
Smallpox vaccine	1000 cap. tube	325	6,480	6,805	1,185	0	1,185	5,620	21.00	118
Splint, Thomas	each	455,000	2,722	457,722	431,916	0	431,916	25,806	3.12	81
Splint, wire ladder	each	2,808,000	23,328	2,831,328	1,810,208	0	1,810,208	1,021,120	.21	214
Stethoscope	each	520,000	6,869	526,869	59,433	0	59,433	467,436	2.44	1,141
Stockinette	sq.yd.	1,138,800	30,974	1,169,774	1,009,550	0	1,009,550	160,224	.77	123
Sulfonamides	lb.	721,946	1,327,104	2,049,050	1,073,437	0	1,073,437	975,613	9.04	8,820
Suture, absorbable	1000 doz.	3,120	52	3,172	842	0	842	2,330	3,058.30	7,126
Suture, non-absorbable	1000 doz.	0	39	39	335	0	335	0	2,400.00	0
Suture, non-absorbable bulk	1000 yd.	341,250	518	341,768	1,787,271	0	1,787,271	0	5.30	0
Syringe, hypodermic (re-usable)	1000's	1,404	1,037	2,441	6,501	0	6,501	0	837.58	0
Tetanus antitoxin	1000 unit	325,650	6.492,960	6,818,610	1,903,949	0	1,903,949	4,914,661	.13	639
Tetanus toxoid	1000cc.	121	2,462	2,583	776	0	776	1,807	26.00	47
Thermometers, clinical	1000's	10,660	389	11,049	4,305	0	4,305	6,744	340.29	2,295
Tourniquet, non-pneumatic	each	390,000	3,240	393,240	417,575	0	417,575	0	.22	0
Tracheotomy tubes	each	585,000	4,666	589,666	152,798	0	152,798	436,868	3.50	1,529
Tube, duodenal	doz.	65,000	1,685	66,685	18,588	0	18,588	48,097	3.97	191
Tubing, "T" and "Y" connectors	each	1,170,000	9,072	1,179,072	1,318,934	0	1,318,934	0	.13	0
Tubing, rubber or plastic	1000 ft.	11,375	3,110	14,485	5,775	0	5,775	8,710	26.99	235
Typhus vaccine (epidemic)	1000cc	46	907	953	119	0	119	834	16.00	13
Typhoid vaccine	1000cc	488	9,720	10,208	532	0	532	9,676	4.00	39
Wadding, sheet cotton	sq.yd.	65,000	226,800	291,800	3,534,627	0	3,534,627	0	.086	0
Water for injection	liter	4,875	78,538	83,413	52,963	0	52,963	30,450	9.19	280
Webbing, textile	yds.	650,000	12,960	662,960	1,164,819	0	1,164,819	0	.10	0
Yellow fever vaccine	1000 dose	19	376	395	0	0	0	395	174.00	69
									Total	$118,661

FOR FIRST 60 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties A	Non-Casualties B	Total A & B C	Inventory All Levels D	Production E	Total D& E F	G	Unit Cost H	Total Cost (000) I
Litters	each	487,500	5,641	493,141	470,696	190	470,886	22,255	7.96	177
Lubricant, surgical	lb.	214,500	51,408	265,908	249,673	0	249,673	16,235	.64	10
Mask, ether inhaler	each	195,000	5,256	200,256	117,216	0	117,216	83,040	1.30	108
Mask, surgeons	doz.	541,000	9,230	550,230	49,716	0	49,716	500,514	.94	470
Napkins, sanitary	1000 doz.	1,716	62,818	64,534	17,410	1,600	19,010	45,524	224.05	10,200
Narcotics, codeine	oz.	2,984	576,900	579,884	306,444	0	306,444	(273,440)	17.50	(4,785)
Narcotics, except codeine	1000 ½ gr. morph. or equiv.	101,530	137,687	239,217	52,042	0	52,042	(187,175)	27.00	(5,054)
Needles, hypodermic (re-usable)	1000's	8,580	12,948	21,528	17,062	27	17,089	4,439	66.20	294
Needles, surgeons	1000's	24,726	3,590	28,316	17,894	0	17,894	10,422	51.26	534
Oxygen	1000 gal.	18,810	0	18,810	23,015	0	23,015	0	83.00	0
Pads, abdominal	lin.yd.	1,983,800	398,446	2,382,246	4,326,024	0	4,326,024	0	.09	0
Plague vaccine	cc.	24,375	480,750	505,125	2,000,090	0	2,000,090	0	.065	0
Probe, general operating	each	195,000	6,923	201,923	71,437	0	71,437	130,486	.44	57
Rabies, immune serum	1000 unit	46	910	956	7,990	0	7,990	0	4.15	0
Rabies vaccine	Dose	0	0	0	33,992	0	33,992	0	.33	0
Retractors	each	325,000	1,961	326,961	288,550	0	288,550	38,411	2.73	105
Rongeur, bone	each	65,000	141	65,141	35,024	0	35,024	30,117	7.50	226
Saw bone, amputating	each	65,000	2,936	67,936	17,231	0	17,231	50,705	3.36	170
Serum albumin	25 gm.	2,860,000	10,000	2,870,000	1,599,339	0	1,599,339	(1,270,661)	40.00	(50,826)
Scissors, bandage	each	975,000	79,484	1,054,484	717,369	0	717,369	337,115	2.00	674
Scissors, general operating	each	1,300,000	226,145	1,526,145	985,742	620	986,362	539,783	1.59	858
Smallpox vaccine	1000 cap. tube	1,950	38,460	40,410	1,185	0	1,185	39,225	21.00	824
Splint, Thomas	each	455,000	5,384	460,384	431,916	123	432,039	28,345	3.12	88
Splint, wire ladder	each	3,088,800	47,434	3,136,234	1,810,208	3,140	1,813,348	1,322,886	.21	278
Stethoscope	each	520,000	13,589	533,589	59,433	0	59,433	474,156	2.44	1,157
Stockinette	sq.yd.	1,251,900	61,280	1,313,180	1,009,550	0	1,009,550	303,630	.77	234
Sulfonamides	lb.	843,286	2,187,092	3,030,378	1,073,437	0	1,073,437	1,956,941	9.04	17,691
Suture, absorbable	1000 doz.	3,432	192	3,624	842	0	842	2,782	3,058.30	8,508
Suture, non-absorbable	1000 doz.	0	128	128	335	0	335	0	2,400.00	0
Suture, non-absorbable bulk	1000 yd.	375,375	2,051	377,426	1,787,271	0	1,787,271	0	5.30	0
Syringe, hypodermic (re-usable)	1000's	1,547	2,051	3,598	6,501	3	6,504	0	837.58	0
Tetanus antitoxin	1000 unit	434,200	8,563,760	8,997,960	1,903,949	0	1,903,949	7,094,011	.13	922
Tetanus toxoid	1000cc.	724	14,230	14,954	776	0	776	14,178	26.00	369
Thermometers, clinical	1000's	10,660	1,538	12,198	4,305	0	4,305	7,893	340.29	2,686
Tourniquet, non-pneumatic	each	390,000	6,410	396,410	417,575	0	417,575	0	.22	0
Tracheotomy tubes	each	643,500	9,359	652,859	152,798	0	152,798	500,061	3.50	1,750
Tube, duodenal	doz.	65,000	3,333	68,333	18,588	0	18,588	49,745	3.97	197
Tubing, "T" and "Y" connectors	each	1,170,000	33,332	1,203,332	1,318,934	0	1,318,934	0	.13	0
Tubing, rubber or plastic	1000 ft.	11,375	6,923	18,298	5,775	162,581	168,356	0	26.99	0
Typhus vaccine (epidemic)	1000cc	139	2,692	2,831	119	0	119	2,712	16.00	43
Typhoid vaccine	1000cc	2,925	57,690	60,615	532	0	532	60,083	4.00	240
Wadding, sheet cotton	sq.yd.	71,500	448,444	519,944	3,534,627	0	3,534,627	0	.086	0
Water for injection	liter	5,362	155,378	160,740	52,963	0	52,963	107,777	9.19	990
Webbing, textile	yds.	650,000	25,640	675,640	1,164,819	0	1,164,819	0	.10	0
Yellow fever vaccine	1000 dose	56	1,103	1,159	0	0	0	1,159	174.00	202
									Total	$226,782

*Cost of these items not included in totals because of indefinite program status.

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY

RESOURCES AND REQUIREMENTS SUMMARY

FOR FIRST 90 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties	Non-Casualties	Total A & B	Inventory All Levels	Production	Total D & E		Unit Cost	Total Cost (000)
		A	B	C	D	E	F	G	H	I
Adhesive Plaster	1000 Sq. Yd.	1,365	5,285	6,650	3,209	0	3,209	3,441	456.37	1,570
Airway	Each	548,769	5,801	554,570	736,799	0	736,799	0	.27	0
Alcohol	Gal.	457,080	2,242,860	2,699,940	18,104,873	0	18,104,873	0	1.52	0
Anesthetics, Ether	Lb.	548,769	373,810	922,579	732,909	0	732,909	189,670	1.13	214
Anesthetics, Gases	1000 Gal.	114,270	0	114,270	28,689	0	28,689	85,581	50.00	4,279
Anesthetics, Local	Lb.	1,261	85,718	86,979	9,347	0	9,347	77,632	471.77	36,624
Antibiotics, Br. Spec. - Chloramphenicol	Gm.	6,856,200	45,437,250	52,293,450	6,984,774	0	6,984,774	45,308,676	.51	23,107
Antibiotics, Br. Spec. - Except "	Gm.	44,023,500	29,505,210	73,528,710	44,324,274	0	44,324,274	29,204,436	.81	23,656
Antibiotics, Penicillin	Million Units	12,347,400	243,878,800	256,226,200	33,061,455	0	33,061,455	223,164,745	.052	11,605
Antibiotics, Streptomycin	Gm.	548,769	40,254,181	40,802,950	10,297,977	0	10,297,977	30,504,973	.10	3,050
Antiseptics, Surgical	Gal.	457,340	95,773	553,113	1,300,869	0	1,300,869	0	2.41	0
Aspirin	Lb.	54,444	7,682,440	7,736,884	2,125,552	216,000	2,341,552	5,395,332	.854	4,608
Atropine	Gm.	3,048	4,383	7,431	708,181	0	708,181	0	1.36	0
Bandage, First Aid (Band Aid)	Box of 100	228,540	10,556,910	10,785,450	2,020,402	0	2,020,402	8,765,048	.28	2,454
Bandage, Gauze, Roller	1000 Sq. Yd.	28,866	30,163	59,029	31,513	0	31,513	27,516	135.35	3,724
Bandage, Muslin	Sq. Yd.	2,898,415	80,949	2,979,364	6,673.733	0	6,673,733	0	.34	0
Bandage, Plaster Paris	1000 Sq. Yd.	8,782	2,062	10,844	9,717	0	9,717	1,127	341.75	385
Barbiturates	Lb.	30,355	83,656	114,011	92,375	0	92,375	21,636	28.77	622
Blood Collect. Bottles	1000's	45,347	670	46,017	2,881	0	2,881	43,136	310.00	13,372
Blood Collect. Tube, Vacuum	1000's	101,588	6,703	108,291	12,995	900	13,895	94,396	46.80	4,418
Blood Donor Sets	1000's	49,273	670	49,943	5,350	112	5,462	44,481	301.84	13,426
Blood Recipient Sets	1000's	49,273	670	49,943	5,665	88	5,753	44,190	358.00	15,820
Blood Grouping Sera	cc	14,144,470	255,866	14,400,336	413,892	0	413,892	13,986,444	.28	3,916
Blood Typing Sera	cc	4,031,242	73,731	4,104,973	294,849	0	294,849	3,810,124	.33	1,257
Blood Typing Sera, Antihuman	cc	1,371,922	62,774	1,434,696	221,851	0	221,851	1,212,845	1.87	2,268
Blood Volume Expand (Dextran)	500 cc	8,383,960	487,500	8,871,460	4,970,646	0	4,970,646	3,900,814	1.72	6,709
Bovine Albumin	cc	1,904,500	129,544	2,034,044	1,765,502	0	1,765,502	268,542	.21	56
Botulism Antitoxin	1000 Unit	1,859	36,865	38,724	34,845	0	34,845	3,879	1.46	6
Brush, Surgical, Scrub	Each	180,000	966,750	1,146,750	2,147,800	0	2,147,800	0	.41	0
Cap, Surgeons	Doz.	45,000	5,285	50,285	8,945	0	8,945	41,340	1.68	69
Cardiac-Respiratory Stims.	Avg. Dose	114,328	435,682	550,010	90,325,818	0	90,325,818	0	.05	0
Catheter, Urethral	Doz.	135,414	62,645	198,059	136,998	0	136,998	61,061	4.32	264
Cellulose, Absorbent	1000 Lbs.	3,282	644	3,926	1,749	221	1,970	1,956	340.16	665
Cholera Vaccine	1000 cc	28	554	582	47	0	47	535	8.50	5
Compresses (FCDA Spec.)	1000 Sq. Yd.	8,106	0	8,106	3,964	0	3,964	4,142	3,290.00	13,627
Cotton	1000 Lbs.	156	4,125	4,281	789	0	789	3,492	770.00	2,689
Detergents, Surgical	Gal.	1,143,272	449,345	1,592,617	67,001	0	67,001	1,525,616	.50	763
Digitalis and Derivs.	1000 USP Unit	6,884	136,505	143,389	77,204	0	77,204	66,185	210.00	13,899
Diptheria Antitoxin	1000 Unit	15,093	299,306	314,399	752,171	0	752,171	0	.07	0
Diptheria and Tetanus Toxoids	1000 cc	1,040	20,624	21,664	580	0	580	21,084	26.00	548
Diptheria Pertussis and Tetanus	1000 cc	559	11,085	11,644	2,168	0	2,168	9,476	39.90	378
Drains, Penrose	Doz.	152,360	27,327	179,687	52,588	0	52,588	127,099	1.68	214
Drapes, Surgical	Each	260,000	41,248	301,248	351,073	0	351,073	0	2.25	0
Dressing, First Aid (FCDA Spec.)	1000	3,263	0	3,263	17,926	0	17,926	0	328.00	0
Forceps, Hemostatic	Each	1,950,000	474,094	2,424,094	2,391,868	0	2,391,868	32,226	1.44	46
Forceps, Dressing	Each	812,500	29,389	841,889	595,483	0	595,483	246,406	1.26	310
Forceps, Needle Holder	Each	325,000	78,500	403,500	336,488	0	336,488	67,012	1.91	128
Forceps, Obstetrical	Each	15,000	14,437	29,437	28,156	0	28,156	1,281	14.02	18
Forceps, Tissue	Each	325,000	45,115	370,115	402,934	0	402,934	0	1.24	0
Gas Gangrene Antitoxin	Vial	2,892	56,716	59,608	39,987	0	39,987	19,621	2.32	46
Gauze, Absorbent	1000 Sq. Yd.	27,320	15,339	42,659	20,010	0	20,010	22,649	45.26	1,025
Gauze, Packing	Sq. Yd.	423,150	39,186	462,336	942,199	0	942,199	0	1.14	0
Gauze, Pads (Sponge)	Thous.	329,095	2,010,969	2,340,064	357,570	0	357,570	1,982,494	6.92	13,719
Gloves, Surgeons Rubber	Doz. Prs.	585,000	758,705	1,343,705	382,650	21,531	404,181	939,524	2.04	1,917
Handle, Surgical Knife	Each	650,000	52,204	702,204	526,142	2,500	528,642	173,562	.60	104
Insulin	1000 Units	131,008	2,597,980	2,728,988	1,359,804	0	1,359,804	1,369,184	.96	1,314
I.V. Injection Sets	1000's	19,836	4,898	24,734	10,763	138	10,901	13,833	300.00	4,150
I.V. Solutions	1000 Liter	129,409	5,929	135,338	20,783	0	20,783	114,555	400.00	45,822
Knife, Surgical (Blade Only)	1000's	6,584	5,156	11,740	10,172	368	10,540	1,200	37.82	45
Knife, Cast Cutting	Each	45,000	1,134	46,134	23,096	0	23,096	23,038	.51	12
Light, Portable Surg.	Each	22,500	7,670	30,170	19,280	125	19,405	10,765	90.88	978

FOR FIRST 180 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties	Non-Casualties	Total A & B	Inventory All Levels	Production	Total D & E		Unit Cost	Total Cost (000)
		A	B	C	D	E	F	G	H	I
Adhesive Plaster	1000 Sq. Yd.	1,534	8,116	9,650	3,209	0	3,209	6,441	456.37	2,939
Airway	Each	613,386	12,305	625,691	736,799	0	736,799	0	.27	0
Alcohol	Gal.	510,900	4,555,320	5,066,220	18,104,873	0	18,104,873	0	1.52	0
Anesthetics, Ether	Lb.	613,386	863,940	1,477,326	732,909	0	732,909	744,417	1.13	841
Anesthetics, Gases	1000 Gal.	127,725	0	127,725	28,689	0	28,689	99,036	50.00	4,952
Anesthetics, Local	Lb.	1,404	196,350	197,754	9,347	0	9,347	188,407	471.77	88,885
Antibiotics, Br. Spec. - Chloramphenicol	Gm.	7,663,500	79,102,870	86,766,370	6,984,774	0	6,984,774	79,781,596	.51	40,689
Antibiotics, Br. Spec. - Except "	Gm.	49,378,500	47,084,730	96,463,230	44,324,274	0	44,324,274	52,138,956	.81	42,233
Antibiotics, Penicillin	Million Units	13,801,450	464,367,750	478,169,200	33,061,455	0	33,061,455	445,107,745	.052	23,146
Antibiotics, Streptomycin	Gm.	613,386	81,757,522	82,370,908	10,297,977	0	10,297,977	72,072,931	.10	7,207
Antiseptics, Surgical	Gal.	511,160	194,517	705,677	1,300,869	0	1,300,869	0	2.41	0
Aspirin	Lb.	60,860	15,603,280	15,664,140	2,125,552	2,161,000	4,286,552	11,377,588	.854	9,716
Atropine	Gm.	3,406	9,032	12,438	708,180	0	708,181	0	1.36	0
Bandage, First Aid (Band Aid)	Box of 100	255,450	15,485,470	15,740,902	2,020,402	0	2,020,402	13,720,500	.28	3,842
Bandage, Gauze, Roller	1000 Sq. Yd.	32,266	52,622	84,888	31,513	0	31,513	53,375	135.35	7,224
Bandage, Muslin	Sq. Yd.	3,239,730	140,848	3,380,578	6,673,733	0	6,673,733	0	.34	0
Bandage, Plaster Paris	1000 Sq. Yd.	9,815	3,927	13,742	9,717	0	9,717	4,025	341.75	1,376
Barbiturates	Lb.	33,930	169,908	203,838	92,375	0	92,375	111,463	28.77	3,207
Blood Collect. Bottles	1000's	50,878	1,414	52,292	2,881	0	2,881	49,411	310.00	15,317
Blood Collect. Tube, Vacuum	1000's	113,932	14,137	128,069	12,995	9,000	21,995	106,074	46.80	4,964
Blood Donor Sets	1000's	55,260	1,414	56,674	5,350	1,126	6,476	50,198	301.84	15,152
Blood Recipient Sets	1000's	55,260	1,414	56,674	5,665	874	6,539	50,135	358.00	17,948
Blood Grouping Sera	cc	15,874,740	519,673	16,394,413	413,892	0	413,892	15,980,521	.28	4,475
Blood Typing Sera	cc	4,521,467	156,164	4,677,631	294,849	0	294,849	4,382,782	.33	1,446
Blood Typing Sera, Antihuman	cc	1,533,467	133,125	1,666,592	221,851	0	221,851	1,444,741	1.87	2,702
Blood Volume Expand (Dextran)	500 cc	9,371,180	907,530	10,278,710	4,970,646	0	4,970,646	5,306,064	1.72	9,130
Bovine Albumin	cc	2,128,750	274,628	2,403,378	1,765,502	0	1,765,502	637,876	.21	134
Botulism Antitoxin	1000 Unit	3,718	74,744	78,462	34,845	0	34,845	43,617	1.46	64
Brush, Surgical, Scrub	Each	180,000	1,963,500	2,143,500	2,147,800	0	2,147,800	0	.41	0
Cap, Surgeons	Doz.	45,000	13,090	58,090	8,945	0	8,945	49,145	1.68	83
Cardiac-Respiratory Stims.	Avg. Dose	127,790	884,884	1,012,674	90,325,818	0	90,325,818	0	.05	0
Catheter, Urethral	Doz.	135,414	127,235	262,649	136,998	0	136,998	125,651	4.32	543
Cellulose, Absorbent	1000 Lbs.	3,672	1,047	4,719	1,749	531	2,280	2,439	340.16	830
Cholera Vaccine	1000 cc	56	1,126	1,182	47	0	47	1,135	8.50	10
Compresses (FCDA Spec.)	1000 Sq. Yd.	9,061	0	9,061	3,964	0	3,964	5,097	3,290.00	16,769
Cotton	1000 Lbs.	176	6,414	6,590	789	0	789	5,801	770.00	4,467
Detergents, Surgical	Gal.	1,277,887	717,070	1,994,957	67,001	0	67,001	1,927,956	.50	964
Digitalis and Derivs.	1000 USP Unit	13,767	277,246	291,013	77,204	0	77,204	213,809	210.00	44,900
Diptheria Antitoxin	1000 Unit	36,218	729,375	765,593	752,171	0	752,171	13,422	.07	1
Diptheria and Tetanus Toxoids	1000 cc	1,690	34,034	35,724	580	0	580	35,144	26.00	914
Diptheria Pertussis and Tetanus	1000 cc	1,118	22,515	23,633	2,168	0	2,168	21,465	39.90	856
Drains, Penrose	Doz.	170,300	50,920	221,220	52,588	0	52,588	168,632	1.68	283
Drapes, Surgical	Each	260,000	83,776	343,776	351,073	0	351,073	0	2.25	0
Dressing, First Aid (FCDA Spec.)	1000	3,646	0	3,646	17,926	0	17,926	0	328.00	0
Forceps, Hemostatic	Each	1,950,000	962,770	2,912,770	2,391,868	0	2,391,868	520,902	1.44	750
Forceps, Dressing	Each	812,500	59,690	872,190	595,483	0	595,483	276,707	1.26	349
Forceps, Needle Holder	Each	325,000	166,374	491,374	336,488	0	336,488	154,886	1.91	296
Forceps, Obstetrical	Each	15,000	30,631	45,631	28,156	0	28,156	17,475	14.02	245
Forceps, Tissue	Each	325,000	80,504	405,504	402,934	0	402,934	2,570	1.24	3
Gas Gangrene Antitoxin	Vial	4,050	81,158	85,208	39,987	0	39,987	45,221	2.32	105
Gauze, Absorbent	1000 Sq. Yd.	30,537	26,704	57,241	20,010	0	20,010	37,231	45.26	1,685
Gauze, Packing	Sq. Yd.	473,005	98,437	571,442	942,199	0	942,199	0	1.14	0
Gauze, Pads (Sponge)	Thous.	367,848	2,949,701	3,317,549	357,570	0	357,570	2,959,979	6.92	20,483
Gloves, Surgeons Rubber	Doz. Prs.	585,000	1,198,520	1,783,520	382,650	322,966	705,616	1,077,904	2.04	2,199
Handle, Surgical Knife	Each	650,000	110,741	760,741	526,142	27,000	553,142	207,599	.60	125
Insulin	1000 Units	262,015	5,276,579	5,538,594	1,359,804	0	1,359,804	4,178,790	.96	4,012
I.V. Injection Sets	1000's	22,219	9,032	31,251	10,763	13,181	23,944	7,307	300.00	2,192
I.V. Solutions	1000 Liter	145,266	11,912	157,178	20,783	0	20,783	136,395	400.00	54,558
Knife, Surgical (Blade Only)	1000's	7,358	10,996	18,354	10,172	3,682	13,854	4,500	37.82	170
Knife, Cast Cutting	Each	45,000	2,304	47,304	23,096	0	23,096	24,208	.51	12
Light, Portable Surg.	Each	22,500	12,121	34,621	19,280	1,265	20,545	14,076	90.88	1,279

RESOURCES AND REQUIREMENTS SUMMARY

FOR FIRST 90 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties	Non-Casualties	Total A & B	Inventory All Levels	Production	Total D & E		Unit Cost	Total Cost (000)
		A	B	C	D	E	F	G	H	I
Litters	Each	487,500	8,507	496,007	470,696	480	471,176	24,831	7.96	198
Lubricant, Surgical	Lb.	228,800	77,469	306,269	249,673	0	249,673	56,596	.64	36
Mask, Ether Inhaler	Each	195,000	6,832	201,832	117,216	0	117,216	84,616	1.30	110
Mask, Surgeons	Doz.	541,000	13,148	554,148	49,716	0	49,716	504,432	.94	474
Napkins, Sanitary	1000 Doz.	1,826	79,016	80,842	17,410	4,000	21,410	59,432	224.05	13,316
Narcotics, Codeine	Oz.	3,178	870,075	873,253	306,444	0	306,444	(566,809)	17.50	(9,919)
Narcotics, Except Codeine	1000 ¼ Gr. Morphine or Equiv.	108,173	207,658	315,831	52,042	0	52,042	(263,789)	27.00	(7,122)
Needles, Hypo. (Re-usable)	1000's	9,139	19,464	28,603	17,062	68	17,130	11,473	66.20	760
Needles, Surgeons	1000's	26,344	7,476	33,820	17,894	0	17,894	15,926	51.26	816
Oxygen	1000 Gal.	20,041	0	20,041	23,015	0	23,015	0	83.00	0
Pads, Abdominal	Lin. Yd.	2,113,800	500,776	2,614,576	4,326,024	0	4,326,024	0	.09	0
Plague, Vaccine	cc	40,625	805,625	846,250	2,000,090	0	2,000,090	0	.065	0
Probe, General Operating	Each	195,000	12,246	207,246	71,437	0	71,437	135,809	.44	60
Rabies, Immune Serum	1000 Unit	93	1,843	1,936	7,990	0	7,990	0	4.15	0
Rabies Vaccine	Dose	6,500	128,900	135,400	33,992	0	33,992	101,408	.33	33
Retractors	Each	325,000	3,480	328,480	288,550	0	288,550	39,930	2.73	109
Rongeur Bone	Each	65,000	258	65,258	35,024	0	35,024	30,234	7.50	227
Saw Bone, Amputating	Each	65,000	5,233	70,233	17,231	0	17,231	53,002	3.36	178
Serum Albumin	25 Gm.	3,047,200	21.011	3,068,211	1,599,339	0	1,599,339	(1,468,872	40.00	(58,755)
Scissors, Bandage	Each	975,000	102,604	1,077,604	717,369	0	717,369	360,235	2.00	720
Scissors, General Operating	Each	1,300,000	303,173	1,603,173	985,742	1,550	987,292	615,681	1.59	979
Small Pox Vaccine	1000 Capillary Tube	3,250	64,450	67,700	1,185	0	1,185	66,515	21.00	1,397
Splint, Thomas	Each	455,000	7,605	462,605	431,916	308	432,224	30,381	3.12	95
Splint, Wire Ladder	Each	3,290,950	66,770	3,357,720	1,810,208	7,850	1,818,058	1,539,662	.21	323
Stethoscope	Each	520,000	20,495	540,495	59,433	0	59,433	481,062	2.44	1,174
Stockinette	Sq. Yd.	1,333,800	77,082	1,410,882	1,009,550	0	1,009,550	401,332	.77	309
Sulfonamides	Lb.	942,319	3,078,648	4,020,967	1,073,437	0	1,073,437	2,947,530	9.04	26,646
Suture, Absorb.	1000 Doz.	3,660	412	4,072	842	0	842	3,230	3,058.30	9,878
Suture, Non-Absorb.	1000 Doz.	0	258	258	335	0	335	0	2,400.00	0
Suture, Non-Absorb., Bulk	1000 Yds.	399,945	4,383	404,328	1.787,271	0	1,787,271	0	5.30	0
Syringe, Hypo. (Re-usable)	1000's	1,644	3,094	4,738	6,501	7	6,508	0	837.58	0
Tetanus Antitoxin	1000 Unit	542,750	10,763,150	11,305,900	1,903,949	0	1,903,949	9,401,951	.13	1,222
Tetanus Toxoid	1000 cc	1,207	23,975	25,182	776	0	776	24,406	26.00	635
Thermometers, Clinical	1000's	10,660	3,094	13,754	4,305	0	4,305	9,449	340.29	3,215
Tourniquet, Non-pneumatic	Each	390,000	9,668	399,668	417,575	0	417,575	0	.22	0
Tracheotomy Tubes	Each	682,500	14,179	696,679	152,798	0	152,798	543,881	3.50	1,904
Tube, Duodenal	Doz.	65,000	4,898	69,898	18,588	0	18,588	51,310	3.97	204
Tubing, "T" and "Y" Connectors	Each	1,170,000	69,606	1,239,606	1,318,934	0	1,318,934	0	.13	0
Tubing, Rubber or Plastic	1000 Ft.	11,375	10,828	22,203	5,775	244,276	250,051	0	26.99	0
Typhus Vaccine (Epidemic)	1000 cc	232	4,640	4,872	119	0	119	4,753	16.00	76
Typhoid Vaccine	1000 cc	4,875	96,675	101,550	532	0	532	101,018	4.00	404
Wadding Sheet Cotton	Sq. Yd.	76,050	601,190	677,240	3,534,627	0	3,534,627	0	.086	0
Water For Injection	Liter	5,714	208,302	214,016	52,963	0	52,963	161,053	9.19	1,480
Webbing, Textile	Yards	650,000	38,670	688,670	1,164,819	0	1,164,819	0	.10	0
Yellow Fever Vaccine	1000 Dose	93	1,843	1,936	0	0	0	1,936	174.00	337
									Total	$347.216

FOR FIRST 180 DAYS POST-ATTACK

Item and Unit of Measure		Requirements			Resources			Deficiency C - F	Cost	
		Casualties	Non-Casualties	Total A & B	Inventory All Levels	Production	Total D & E		Unit Cost	Total Cost (000)
		A	B	C	D	E	F	G	H	I
Litters	Each	487,500	17,279	504,779	470,696	4,820	475,516	29,263	7.96	213
Lubricant, Surgical	Lb.	255,450	157,342	412,792	249,673	0	249,673	263,119	.64	104
Mask, Ether Inhaler	Each	195,000	10,079	205,079	117,216	0	117,216	87,863	1.30	114
Mask, Surgeons	Doz.	541,000	32,856	573,856	49,716	0	49,716	524,140	.94	493
Napkins, Sanitary	1000 Doz.	2,041	160,483	162,524	17,410	40,000	57,410	105,114	224.05	23,551
Narcotics, Codeine	Oz.	3,549	1,374,450	1,377,999	306,444	0	306,444	(1,071,555)	17.50	(18,752)
Narcotics, Except Codeine	1000 ¼ Gr. Morphine or Equiv.	120,913	327,904	448,817	52,042	0	52,042	396,775)	27.00	(10,713)
Needles, Hypo. (Re-usable)	1000's	10,218	39,532	49,750	17,062	676	17,738	32,012	66.20	2,119
Needles, Surgeons	1000's	29,445	15,708	45,153	17,894	0	17,894	27,259	51.26	1,397
Oxygen	1000 Gal.	22,401	0	22,401	23,015	0	23,015	0	83.00	0
Pads, Abdominal	Lin. Yd.	2,362,750	1,017,093	3,379,843	4,326,024	0	4,326,024	0	.09	0
Plague, Vaccine	cc	73,125	1,472,625	1,545,750	2,000,090	0	2,000,090	0	.065	0
Probe, General Operating	Each	195,000	25,918	220,918	71,437	0	71,437	149,481	.44	66
Rabies, Immune Serum	1000 Unit	186	3,744	3,930	7,990	0	7,990	0	4.15	0
Rabies Vaccine	Dose	32,500	654,500	687,000	33.992	0	33,992	653,008	.33	215
Retractors	Each	325,000	7,383	332,383	288,550	0	288,550	43,833	2.73	120
Rongeur Bone	Each	65,000	550	65,550	35,024	0	35,024	30,526	7.50	229
Saw Bone, Amputating	Each	65,000	11,087	76,087	17,231	0	17,231	58,856	3.36	198
Serum Albumin	25 Gm.	3,406,000	44,375	3,450,375	1,599,339	0	1,599,339	(1,851,036	40.00	(74,041)
Scissors, Bandage	Each	975,000	162,185	1,137,185	717,369	0	717,369	419,816	2.00	840
Scissors, General Operating	Each	1,300,000	500,300	1,800,300	985,742	15,500	1,001,242	799,058	1.59	1,271
Small Pox Vaccine	1000 Capillary Tube	4,550	91,630	96,180	1,185	0	1,185	94,995	21.00	1,995
Splint, Thomas	Each	455,000	14,661	469,661	431,916	3,085	435,001	34,660	3.12	108
Splint, Wire Ladder	Each	3,678,350	128,282	3,806,632	1,810,208	78,500	1,888,708	1,917,924	.21	403
Stethoscope	Each	520,000	38,092	558,092	59,433	0	59,433	498,659	2.44	1,217
Stockinette	Sq. Yd.	1,491,100	156,556	1,647,656	1,009,550	0	1,009,550	638,106	.77	491
Sulfonamides	Lb.	1,054,185	4,912,939	5,967,124	1,073,437	0	1,073,437	4,893,687	9.04	44,239
Suture, Absorb.	1000 Doz.	4,088	877	4,965	842	0	842	4,123	3,058.30	12.609
Suture, Non-Absorb.	1000 Doz.	0	524	524	335	0	335	189	2,400.00	454
Suture, Non-Absorb., Bulk	1000 Yds.	447,038	9,163	456,201	1,787,271	0	1,787,271	0	5.30	0
Syringe, Hypo. (Re-usable)	1000's	1,840	6,283	8,123	6,501	66	6,567	1,556	837.58	1,303
Tetanus Antitoxin	1000 Unit	759,850	15,302,210	16,062,060	1,903,949	0	1,903,949	14,158,111	.13	1,841
Tetanus Toxoid	1000 cc	1,690	34,034	35,724	776	0	776	34,948	26.00	909
Thermometers, Clinical	1000's	10,660	6,152	16,812	4,305	0	4,305	12,507	340.29	4,256
Tourniquet, Non-pneumatic	Each	390,000	18,064	408,064	417,575	0	417,575	0	.22	0
Tracheotomy Tubes	Each	767,000	28,798	795,798	152,798	0	152,798	643,000	3.50	2,250
Tube, Duodenal	Doz.	65,000	9,163	74,163	18,588	0	18,588	55,575	3.97	221
Tubing, "T" and "Y" Connectors	Each	1,170,000	147,917	1,317,917	1,318,934	0	1,318,934	0	.13	0
Tubing, Rubber or Plastic	1000 Ft.	11,375	20,813	32,188	5,775	3,664,143	3,669,918	0	26.99	0
Typhus Vaccine (Epidemic)	1000 cc	418	8,378	8,796	119	0	119	8,677	16.00	139
Typhoid Vaccine	1000 cc	6,825	137,445	144,270	532	0	532	143,738	4.00	575
Wadding Sheet Cotton	Sq. Yd.	85,185	1,046,676	1,131,861	3,534,627	0	3,534,627	0	.086	0
Water For Injection	Liter	6,383	317,302	323,685	52,963	0	52,963	270,722	9.19	2,488
Webbing, Textile	Yards	650,000	71,995	721,995	1,164,819	0	1,164,819	0	.10	0
Yellow Fever Vaccine	1000 Dose	166	3,364	3,530	0	0	0	3,530	174.00	614
									Total	$573.734

RESOURCES AND REQUIREMENTS SUMMARY

SANITATION AND WATER SUPPLY ITEMS

For First 30 Days Post-Attack

Item and Unit of Measure		Requirements	Resources*	Deficiency	Unit Cost	Total Cost (000)
Lyster Bags	each	155,000	0	155,000	20.20	3,131
Calcium Hypochlorite (HTH)	ampules	4,650,000	479,963	4,170,037	.024	100
Iodine tablets	bottles of 50	108,500,000	939,668	107,560,332	.07	7,529
DDT Dust, 10%	pound	0	0	0	.25	0
Hand Dusters	each	0	5,600	0	3.16	0
						Total cost $10,760

For First 60 Days Post-Attack

Item and Unit of Measure		Requirements	Resources*	Deficiency	Unit Cost	Total Cost (000)
Lyster Bags	each	155,000	0	155,000	20.20	3,131
Calcium Hypochlorite (HTH)	ampules	6,975,000	479,963	6,495,037	.024	156
Iodine tablets	bottles of 50	124,000,000	939,668	123,060,332	.07	8,614
DDT Dust, 10%	pound	232,500	0	232,500	.25	58
Hand Dusters	each	155,000	5,600	149,400	3.16	472
						Total cost $12,431

For First 90 Days Post-Attack

Item and Unit of Measure		Requirements	Resources*	Deficiency	Unit Cost	Total Cost (000)
Lyster Bags	each	155,000	0	155,000	20.20	3,131
Calcium Hypochlorite (HTH)	ampules	9,300,000	479,963	8,820,037	.024	212
Iodine tablets	bottles of 50	139,500,000	939,668	138,560,332	.07	9,699
DDT Dust, 10%	pound	542,500	0	542,500	.25	136
Hand Dusters	each	155,000	5,600	149,400	3.16	472
						Total cost $13,650

For First 180 Days Post-Attack

Item and Unit of Measure		Requirements	Resources*	Deficiency	Unit Cost	Total Cost (000)
Lyster Bags	each	155,000	0	155,000	20.20	3,131
Calcium Hypochlorite (HTH)	ampules	15,500,000	479,963	15,020,037	.024	360
Iodine tablets	bottles of 50	155,000,000	939,668	154,060,332	.07	10,784
DDT Dust, 10%	pound	1,007,500	0	1,007,500	.25	252
Hand Dusters	each	155,000	5,600	149,400	3.16	472
						Total cost $14,999

*Includes only those resources located in Federal, State and Local stockpiles. Lyster Bags, HTH ampules and Iodine tablets are not normally produced in quantity except on special order. Inventories of DDT and Hand Dusters are available in normal channels; however, the ultimate utilization of these products under Post-Attack conditions cannot be determined until claimancy agreements are reached between the Departments of Agriculture; Health, Education, and Welfare, and Commerce.

Note: The items listed above were selected to furnish immediate post-attack health protection measures and not as a substitute for a sanitation and water supply program. Under such circumstances, supplies of these items should be stocked for immediate issue without significant reliance on remaining commercial inventories.

FEDERAL AVIATION AGENCY
Washington 25, D.C.

OFFICE OF
THE ADMINISTRATOR

June 28, 1960

Dear Mr. Gray:

Pursuant to telephone request from Mr. Bradley Patterson to General Cassady of my staff, the following summary is forwarded of action taken, as indicated in Item 4, Cabinet Paper RA-60-147, March 2, 1960.

In cooperation with all Government agencies concerned, the Federal Aviation Agency established in March a procedure wherein information could be reported to and exchanged through a "Flight Information Center" manned by the Immigration and Naturalization Service in Miami, utilizing Federal Aviation Agency communications. All flight plans, excluding scheduled air carrier, filed into or over Cuba are forwarded through FAA communications to this Center. The Center, functioning as a clearing house, has information immediately available on over 100,000 persons identified with Cuban activities.

The aviation public has been advised through the media of aviation trade publications and press releases of:

a. Applicable laws and rules, and the seriousness of violation thereof;

b. Persons who have been served "Notice of Prevention of Departure" by the Immigration and Naturalization Service (published in the Airman's Guide).

Wide publicity was given to the Bureau of Customs' offer of $5,000.00 reward for information leading to seizure of arms or munitions being illegally flown from the United States or persons engaged therein. A special FAA regulation was put into effect November 4, 1959, which requires the filing of a flight plan for all flights made into or over Cuba. The Department of Defense at the request of the Department of State temporarily stopped sale of surplus aircraft because many were coming into possession of anti-Castro personnel. Since March 1, two attempts, with the knowledge of the Cuban government, have been made to smuggle aliens out of Cuba in aircraft flown from the United States.

I feel that, through the cooperation of the Departments of Justice and State and the Bureau of Customs, the procedures implemented to date provide the greatest amount of control of the situation short of prevention of all flights to or over Cuba. In collaboration with other Government agencies concerned, this Agency will actively continue all possible measures to control and prevent the recurrence of illegal flights in the Caribbean area.

Sincerely,

E R Quesada

E. R. QUESADA
Administrator

Honorable Robert Gray
The White House
Washington, D. C.

FEDERAL AVIATION AGENCY
Washington 25, D. C.

March 22, 1960

MEMORANDUM TO: Mr. Bradley H. Patterson, Jr.
The White House

Attached is the press release concerning illegal flights emanating from southeastern United States previously discussed and cleared with your staff.

This press release will be issued on the morning of March 24, 1960. It will be appreciated if you will insure that it is retained Confidential until that date.

For any further information on the subject, please contact Brigadier General G. S. Cassady, Code 112 Extension 3922.

GSCassady
George S. Cassady
Brigadier General, USAF
Deputy Director, Bureau of
Air Traffic Management

Attachment

FEDERAL AVIATION AGENCY

WASHINGTON 25, D. C.

NEWS DIVISION
Office of Public Affairs
1711 New York Avenue, N. W.
STerling 3-2100 Ext. 3801

FAA OUTLINES NEW PROCEDURES TO PREVENT ILLEGAL FLIGHTS AND EXPORT OF ARMS TO FOREIGN COUNTRIES

New measures to strengthen the United States government's program for preventing illegal flights and the illegal incursion or exports of arms to foreign countries by the use of aircraft were announced today by the Federal Aviation Agency. The measures were adopted under FAA's responsibility for coordinating the efforts of all Federal agencies involved.

The newly adopted measures will:

1. Establish a focal point of information -- a Flight Information Center, located at U. S. Immigration and Naturalization Service Headquarters, Miami: Telephone No. Franklin 7-1495.
    a. The Center will be a focal point for receipt of voluntary information from any source relating to proposed flights to foreign countries emanating from the southeastern United States.
    b. The Center will set in motion joint or unilateral action by appropriate agencies.
2. Ask aircraft operators and aircraft charter and rental agencies in Florida, Georgia, and Alabama -- all of whom are cooperating in this effort - to communicate directly by telephone, collect, to the Center and furnish

(more)

prescribed information relating to persons who want to charter, lease, or rent aircraft, excluding those persons well known to the fixed-base operators.

3. Distribute through the National Aviation Trades Association a list of laws that are applicable, directly or indirectly, to those operators whose aircraft might be used for purposes in violation of these laws, including laws on forfeiture of aircraft.

4. Insure that all flight plans, inbound or outbound, for penetration of those Air Defense Identification Zones (ADIZ) off shore from the coastline of Florida, Alabama, and Georgia are forwarded immediately to the Flight Information Center; flight plans of scheduled air carrier aircraft are excluded. This portion of the new FAA measures will be handled by FAA facilities. No additional requirement will be placed on pilots filing flight plans other than requirements of currently effective regulations.

Related to the above measures, the Bureau of Customs is offering up to $5,000 reward for original information leading to the seizure in the United States of arms or munitions of war intended to be exported or removed from the United States by airplane in violation of law and the arrest and conviction of the person or persons involved in such violation. Anyone having information of this nature should communicate directly by collect telephone to the Flight Information Center, Miami, Franklin 7-1495 or the nearest United States Customs office.

The National Aviation Trades Association has offered the full cooperation of its members in these matters.

# # # # # # # # #

3-22-60

SPECIAL ASSISTANT TO THE UNDER SECRETARY OF STATE
WASHINGTON

May 18, 1960

MEMORANDUM FOR: Bradley H. Patterson, Jr.
The White House

In view of the record of action of the Cabinet meeting of February 26, I thought you might like to have a copy of Mr. Dillon's letter of May 17 to E. R. Quesada.

Robert C. Brewster

Electrostatic reproduction made
for preservation purposes by the
Eisenhower Library in replacement
of a deteriorating manuscript item.

DEPARTMENT OF STATE
WASHINGTON

May 17, 1960

Dear Pete:

I received your chit of May 9 together with the clipping from The New York Times pointing out that the flight curb on Cuba is called a success. I was sorry to see that one got away the other day, but this does not detract from my admiration for the vigorous efforts and measures which you are putting forward. As usual, the President picked the right man for the job.

My best wishes for continued success and effectiveness.

Sincerely,

Douglas
Acting Secretary

The Honorable
E. R. Quesada,
Administrator,
Federal Aviation Agency.

CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only

CI - 60-69

March 22, 1960

The White House

Washington

THE CABINET

Measures to Interdict Illegal Flights Over Cuba: Establishment of A Flight Information Center in Miami

For information of members of the Cabinet, attached is a press release about to be issued by the Administrator of the Federal Aviation Agency. The action being taken here has been determined pursuant to Item 4 of RA - 60-147 and reflects the concurrence of the Departments and Agencies affected.

The attached release is circulated as background to the report to the Cabinet which will be given at the coming meeting by the Administrator of the Federal Aviation Agency.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Information

FEDERAL AVIATION AGENCY

WASHINGTON 25, D. C.

NEWS DIVISION
Office of Public Affairs
1711 New York Avenue, N. W.
STerling 3-2100 Ext. 3801

FAA OUTLINES NEW PROCEDURES TO PREVENT ILLEGAL FLIGHTS AND EXPORT OF ARMS TO FOREIGN COUNTRIES

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    - a. The Center will be a focal point for receipt of voluntary information from any source relating to proposed flights to foreign countries emanating from the southeastern United States.
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2. Ask aircraft operators and aircraft charter and rental agencies in Florida, Georgia, and Alabama -- all of whom are cooperating in this effort - to communicate directly by telephone, collect, to the Center and furnish prescribed information relating to persons who want to charter, lease, or rent aircraft, excluding those persons well known to the fixed-base operators.
3. Distribute through the National Aviation Trades Association a list of laws that are applicable, directly or indirectly, to those operators whose aircraft might be used for purposes in violation of these laws, including laws on forfeiture of aircraft.
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The National Aviation Trades Association has offered the full cooperation of its members in these matters.

3-22-60

The Dwight D. Eisen [illegible]

CABINET PAPER—PRIVILEGED

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CA-60-151

April 6, 1960

The White House
Washington

THE CABINET

Agenda

9:00 A.M., Friday, April 8, 1960

1.	EXECUTIVE SESSION	(Oral)	The Chairman, Republican National Committee
2.	The Problem of Air Pollution	CI - 60 - 70	The Secretary of Health, Education and Welfare The Surgeon General
3.	Report on the White House Conference on Children and Youth	(Oral)	The Secretary of Health, Education and Welfare The Under Secretary of Health, Education and Welfare

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By GHC NLE, Date 8-12-76

MINUTES OF CABINET MEETING

April 8, 1960

9:00 a.m. -- 10:05 a.m.

The following were present for the Executive Session (9:00-9:30 a.m.):

President Eisenhower

Vice President Nixon

Sec. Herter
Mr. Scribner
  for Sec. Anderson
Mr. Douglas
  for Sec. Gates
AG Rogers
Mr. McKibben
  for PMG Summerfield
Sec. Seaton
Sec. Benson
Sec. Mueller
Mr. O'Connell
  for Sec. Mitchell
Miss Adkins
  for Sec. Flemming

Amb. Lodge
Mr. McCone, AEC
Mr. Stans, BoB
Gov. Hoegh, OCDM
Sen. Morton (Executive Session only)

Mr. Morgan
Mr. Kendall (Executive Session only)

In addition, for the regular Cabinet Meeting:

Dr. Leroy Burney, HEW
  Dr. Vernon Mackenzie
Dr. Saulnier, CEA

Mr. Merriam
Dr. Paarlberg
Mr. Robert Gray
Gen. Goodpaster
Maj. Eisenhower
Mr. Patterson
Mr. Minnich

Executive Session - Not reported.

Air Pollution (CI 60-70) - Miss Adkins introduced Dr. Burney, the Surgeon General, who made a presentation on the nature and seriousness of air pollution, showing a number of slides giving statistics and pictures of actual pollution conditions.

Dr. Burney then covered the recommendations in the Cabinet paper, emphasizing the need for greater Federal leadership and assistance to the States in many ways. Mr. Stans recognized that this item was being presented to Cabinet for purposes of information only, but until such time as the recommendations were taken under consideration for approval, he hoped the Cabinet paper would not be given any circulation in its present form. He asked that the proposal for a grant in aid program be deleted,

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By SHC NLE, Date 8-12-76

since the addition of still another grant program was a very serious matter and it would be preferable not to have the possibility of one become generally known prior to actual decision.

The President stated his agreement with the recommendation that the Federal government needed to take the leadership in this problem with regard to research in the many related items. However, he felt that the cities were primarily concerned, and that they should bear the costs themselves rather than looking to Federal money which would involve still another imposition on those not specifically affected, such as farmers who already are in difficult straits. He was inclined to agree with Mr. Stans' point, certainly to the extent that the Federal government should not be in a big operational program.

The Vice President was interested in the status of development and the cost of various devices to reduce automobile exhaust. Dr. Burney described an existing gadget which is relatively inexpensive but is not highly effective. Other devices still under development tend to be rather expensive.

Miss Adkins commented that in this automobile age, people travel a great deal to many parts of the country, hence everyone had an interest in exhaust devices. The President referred to the part of Dr. Burney's presentation which had shown the tremendous difference between pollution in urban areas and rural. He allowed that cities might require that any automobile coming in from rural areas should be required to have anti-exhaust devices.

Amb. Lodge ascertained that diesel engines, while more odorous, are not so dangerous to health as are automobile gasoline engines.

White House Youth Conference - Miss Adkins reviewed the recent Conference, stressing the interest of foreign delegates in the extensive opportunity provided for active participation and free discussion by all the conferees. They hoped that this example could be made known in other countries and followed in international conferences, since it contrasted so greatly with the rigorously controlled World Youth Conferences of recent years.

Miss Adkins noted that some 1600 recommendations, involving much duplication, had come out of the 210 work group sessions. These would be consolidated and edited, and a preliminary report would be made within 90 days, the final report to be made in September. Miss Adkins saw the Conference as being of immediate value in stimulating great enthusiasm and interest among the participants. Its value to the Administration would depend upon what the Administration ultimately decided it wished to do in this field.

Miss Adkins concluded her remarks with comments on the interest and abilities of the young people who participated.

L. A. Minnich, Jr.

Copy to:
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

~~CONFIDENTIAL~~

CABINET PAPER—PRIVILEGED

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RA - 60-151

April 13, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the regular session of the Cabinet on Friday, April 8, 1960:

1. (EXECUTIVE SESSION)

2. The Problem of Air Pollution (CI - 60-70)

ACTION: a) The President indicated his agreement with the proposition that the Federal Government, through such means as research, should provide leadership to the states and municipalities in meeting the problems of air pollution. The basic governmental responsibilities for operational programs in the abatement of air pollution and for the financing of such programs rest on the affected state and local jurisdictions.

b) Paragraph B(3) on page 7 of the Information Paper was deemed inconsistent with the above principle; CI - 60-70 will be revised to eliminate it.

3. Report on the White House Conference on Children and Youth

(Information item only)

Robert Gray
Secretary to the Cabinet

Approved by the President

April 13, 1960

CABINET PAPER

For Action

THE WHITE HOUSE
WASHINGTON

April 7, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for April 8

1. EXECUTIVE SESSION (Chairman Morton)

Chairman Morton wants to say a few words about the North Dakota election in late June.

2. The Problem of Air Pollution (Secretary Flemming)

There is a heavy and continuing interest in the public and in the press on this subject. Secretary Flemming and his staff have prepared a briefing presentation so that you and the Cabinet will know the facts and the technical and policy questions involved. Secretary Flemming has circulated an advance Cabinet paper which, although making recommendations, is being submitted at this time as an information paper only.

3. Report on the White House Conference on Children and Youth (Secretary Flemming and Under Secretary Adkins)

With this Conference having just closed, Secretary Flemming has asked Miss Adkins to give the Cabinet a candid evaluation; she will also speak to the political implications of its sessions and conclusions.

Bob
Robert Gray
Secretary to the Cabinet

April 7, 1960

CABINET PRESENTATION

AIR POLLUTION

I. The Nature of the Problem

The air we breathe is a vital national resource. The ocean of air is vast, but specific portions of it have only limited capacity to dilute and disperse contaminants discharged to them.

The air over our cities contains hundreds of chemical compounds discharged by man's activities. As urban populations grow, as our use of fuels and other materials expands and diversifies, and as the concentration of polluting substances mounts, our air resource approaches and passes the limits of self-purification.

The adverse effects of air pollution are already felt in all of the Nation's metropolitan areas, and the geographic scope of damage is widening year by year. At the same time, these effects are becoming more severe, in terms of plant and animal damage, economic loss, and increasingly definitive evidence of damage to human health.

The air pollution problem will tend to grow in parallel with urban and industrial growth. Air pollution cannot be eliminated from an industrial society. But it can and should be controlled within the limits imposed by human health and well-being.

II. Discussion

(a) What is air pollution?

Air pollution is commonly defined as the presence in the atmosphere of substances in concentrations sufficient to interfere with man's health, comfort, or safety, or with the full use and enjoyment of his property.

Until recently, air pollution was symbolized by a black plume of smoke, and air pollution control consisted of smoke abatement. But air pollution today is characterized by the simultaneous outpouring in urban areas of many gases, fumes, and solids - some of them visible, others undetected by sight or odor. These substances combine and interact in the air, sometimes producing new or enhanced effects. The pollutants come from many and diverse activities, including incomplete combustion of various fuels and wastes in home and factory, emissions from automobiles and other vehicles, evaporation of many volatile substances in common use, electric power generation, and any industrial or other processing resulting in the release of dusts, fumes, or gases.

(Chart #1) The quantities of some pollutants discharged to the atmosphere over large cities are enormous. For example, this chart shows an estimate of some of the commoner pollutants discharged to the air in two large cities, in tons per day. It is not usually realized that such pollution reaches levels of 26,000 tons of smoke and dust particles, or 3,000 tons of sulfur dioxide gas daily.

Once they are discharged, the concentration of pollutants in the air at any time depends upon the interplay of several factors: (1) the quantity being emitted; (2) meteorological conditions; and (3) the chemical and physical reactions which alter the pollutants in the air. (Chart #1 off; Chart #2 on) A weather phenomenon known as temperature inversion, most common in Los Angeles, but not infrequent in many areas, holds pollutants close to the ground producing conditions like this.

(b) What does air pollution do?

Air Pollution has long been recognized as causing nuisance, irritation, and economic loss. (Chart #2 off; Chart #3 on) Recent estimates of the economic damages of air pollution in the United States run as high as $7.5 billion each year, exclusive of the costs of health damage. This chart lists the principal types of damage making up this total.

(Chart #4 on) Poor visibility caused by pollution often closes in airports and delays surface traffic. These two photographs of the same section of Nashville show the contrast which occurs in polluted areas under ~~diffusive~~ differing meteorological conditions. (Chart #4 off) (Chart #5 on) Extensive damage to growing crops occurs in some areas. This picture shows the effect of smog on Romaine lettuce. (Chart #5 off)

Even more important are the facts which are falling into place regarding the effects of air pollution on human health. The acute lethal potential of air pollution has been demonstrated on several occasions:

- in the Meuse Valley, Belgium, in 1930, when 60 persons died and thousands more were incapacitated;
- in Donora, Pennsylvania, in 1948, where 20 persons died and half the population was made ill;
- in London, England, in 1952, and again in 1956, where thousands of excess deaths occurred during extended periods of smog.

Other effects of air pollution range from transitory irritations of the eyes, nose and throat, to more subtle and long-range physiological changes contributing to chronic illness or premature death. It is difficult to demonstrate long-term health damage, but there is increasing scientific evidence of its importance, as illustrated by the following examples:

(1) Known cancer producing substances (e.g., 3-4 benzpyrene, which comes mostly from incomplete combustion of fuels) can be measured routinely in urban air samples. Statistical studies show increased human cancer death rates in urban as compared to rural areas. (Chart #6) Extracts from urban air

can cause cancer in laboratory animals. The mouse shown here has a skin cancer which developed after Dr. Paul Kotin, of the University of Southern California, painted the skin with condensates from urban air. (Chart #6 off)

(2) Ozone, a highly toxic gas, is formed in urban atmospheres by the action of sunlight on automobile exhaust emissions. Ozone concentrations not greatly in excess of those found in some cities cause permanent scarring in the lungs of laboratory animals. In oxidizing smogs, containing ozone and related compounds, persons with chest ailments develop more severe symptoms.

(3) Sulfur dioxide, one of the commonest urban air pollutants, coming primarily from the sulfur content of fuel oil and coal, can cause serious obstruction to breathing and irritation of the respiratory system. It converts slowly in air to sulfuric acid, a still more potent respiratory irritant. Many British scientists believe that sulfur dioxide is a major cause of chronic bronchitis, the third largest cause of death in England.

(4) During the last steel strike periods, air sampling has shown the air to be considerably less polluted than usual in cities where steel production is the major industry. Preliminary statistical studies have provided evidence that fewer deaths from heart and respiratory diseases occurred during the strike than would normally be expected.

(c) What is being done about air pollution?

Governmental control of air pollution has generally been considered a local problem and thus a responsibility of local government. In the United States, there are some 250 local government agencies which engage in air pollution control work. For the most part, however, attention in these programs is limited to abatement of smoke and odor nuisances. In only one large urban area, Los Angeles, has the program been sufficiently broad to appraise the overall situation and to institute broad technical and enforcement measures for control. In general, local air pollution control programs are inadequately staffed to do a comprehensive technical and enforcement job.

Although all of the state health departments engage in some air pollution activity, most of it is related to nuisance abatement or technical assistance on local problems. Within the past decade, a few of the states have enacted more comprehensive program legislation calling for problem appraisal, surveillance, technical assistance to local agencies, and in some instances, enforcement of regulations. Currently, 13 states have enacted such legislation. However, of the total expenditures of $1.6 million on the state government level, California alone accounts for about half. Only six other states spend as much as $50,000 per year on air pollution.

Since fiscal year 1956, the Federal Government, through the Public Health Service, has been conducting an air pollution program under temporary authorizations by the 84th and 86th Congresses. The Congressional Act declares the policy of preserving the primary responsibilities and rights of the states and local governments in controlling air pollution. It authorizes the Public Health Service to conduct and support programs of research, technical assistance to public and private organizations, and training of technical personnel as related to air pollution.

Program emphasis has been on research: currently over 80 percent of the available funds ($4.3 million in F.Y. 1960) are devoted to this purpose. Program activities have utilized the competence and facilities of the Public Health Service and other Federal agencies, as well as of non-Federal institutions.

(Chart #7) Valuable information on air pollution levels and trends throughout the United States is provided by the National Air Sampling Network. The black circles represent urban sampling sites; the white squares represent non-urban sites. The air samplers use a vacuum cleaner motor and fan to draw approximately 70,000 cubic feet of air through a glass fiber filter over a 24-hour period. (Chart #7 off; show clean and dirty filters) Used filters are sent to the Robert A. Taft Sanitary Engineering Center in Cincinnati, where the collected particles are analyzed. Here is what happens to a clean, white filter - the gray one is from a rural area, and the black one from a city. A man living in the city would breathe this quantity of suspended particles about every 100 days. (Put down filters)

It is generally accepted that industry has the responsibility for the control of emissions resulting from its operations, and for the conduct of research specifically related to such control. However, there is wide variation in the extent of voluntary acceptance of this responsibility.

Technical knowledge of air pollution and its control has advanced materially in the past decade. Procedures and equipment are now available for the control of most emissions, but their application and use is far from universal. Still unsolved are problems of automobile emissions, sulfur dioxide from fuel combustion, and the emissions from some industrial processes for metal and chemical manufacturing. Knowledge is being acquired on the chemistry and meteorology of air pollution and on its specific effects, but much remains to be done.

III. The Future of Air Pollution Control

Air pollution is a serious problem in many areas today. It seems certain that it will increase tremendously, and perhaps disastrously, under the impact of continued population growth, urban concentration and industrial expansion, unless more of the Nation's resources are devoted to its control.

Air pollution, like other health problems of the modern environment, poses a new kind of challenge to the health professions. We cannot aim for total eradication, as we can in programs against the communicable diseases. What must be sought is a balance which permits maximum economic development at minimum hazard. The scientific problem is complicated by the nature of the health effects involved, which are gradual and cumulative over periods of years and which may have multiple causes. The practical problem is complicated still further by the multiplicity of political jurisdictions in our metropolitan areas, whereby many agencies deal separately with a common air supply.

Satisfactory control of air pollution will depend upon: (a) biological research to determine the cumulative effects on health of specific pollutants, singly and in combination, in varying concentrations; (b) continuous monitoring of the environment to detect the presence and concentration of pollutants; (c) development of effective and economical control procedures; and (d) application of these control measures.

It is evident that the Federal Government has particular interest in the expansion of research, the promulgation of air quality and pollution emission standards, and the development of means for regulating interstate air pollution problems. Current levels of activity make it apparent also that the Federal Government has an important and essential role in stimulating and encouraging state and local governments, and industry, to accept responsibility for substantially increased participation in this field.

Legislative proposals of the Administration have been introduced in both Houses of Congress to provide permanent authority for the present Federal program, remove the existing $5.0 million limitation on annual appropriation, and authorize the holding of public hearings on air pollution problems which are of broad national significance or interstate in character. These proposals, combined with existing legislation, would provide the Department of Health, Education, and Welfare with permanent authority to carry out those activities which are presently deemed desirable, including conduct and support of research, technical assistance to state and local agencies, training of personnel, demonstration projects, financial aid when appropriate, and the conduct of public hearings on important problems. The exercise of the desirable Federal leadership by carrying out these programs will require a considerable increase in the available resources.

The basic decisions in such fields as air pollution control are economic and social, but the health interest is paramount. It is clear that all the responsible partners will need to expend greater effort for the protection of our air resource.

CABINET PAPER—PRIVILEGED

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CI - 60-70

April 4, 1960

The White House

Washington

THE CABINET

The Problem of Air Pollution

For information of the Members of the Cabinet, attached is a paper prepared by the Secretary of Health, Education, and Welfare.

Although the attached paper contains a number of recommendations, this paper is not at the present time being submitted for Cabinet concurrence of Presidential approval. Rather, it is being circulated as background for the visual-oral presentation on this subject which will be given at the coming cabinet meeting by the Secretary of Health, Education, and Welfare and the Surgeon General.

The paper is preceded by a one page Brief.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Information

CI - 60-70

April 4, 1960

The White House

Washington

THE CABINET

The Problem of Air Pollution

BRIEF

The atmosphere has only limited capacity to dilute and disperse contaminants discharged to it. The air in populous areas contains hundreds of polluting substances, some in large quantity. The adverse effects of air pollution are increasing in geographic scope and in degree.

Air pollution comes from many and diverse sources, such as incomplete combustion of fuels and wastes, evaporation of many common use volatile substances, transportation, industrial processing.

Estimates of economic losses from air pollution in the United States run as high as $7.5 billions annually. More important, however, are the demonstrated and potential effects of air pollution on human health. These range from acute lethal episodes, through long-range physiological changes, to transitory irritations. Of particular concern are the chronic health effects for which there is increasing evidence of causative relationship with air pollution (e.g., the intake by an individual of 3-4 benzpyrene, a known carcinogen, from breathing air in some cities exceeds that obtained from smoking two packages of cigarettes daily).

Legal regulation of air pollution is a responsibility of State and local governments. Local programs have been limited largely to the abatement of smoke and odor nuisances. In the past decade, a trend has appeared for more active and comprehensive participation by State governments in air pollution control.

Within industry, the extent of voluntary acceptance of responsibility for air pollution control is quite variable. Current industrial expenditures for this purpose are estimated at $300 millions annually.

Federal activities related to air pollution are centered in the Public Health Service, which conducts a program largely consisting of research but including also technical assistance on specific problems and training of technical personnel.

In the future, with further growth and concentration of population and activities in urban areas, air pollution problems will inevitably become more acute unless greater effort and increased resources are devoted to such problems by all levels of government, industry, and the public.

The Federal Government, principally through the Department of Health, Education, and Welfare, should exert leadership in this overall effort and participate actively in it.

CI - 60-70

April 4, 1960

The White House

Washington

THE CABINET

The Problem of Air Pollution

I. The Problem

The air we breathe is a vital national resource. Although vast in quantity totally, the atmosphere has only limited capacity to dilute and disperse contaminants discharged to it in specific areas.

The air in populous areas contains hundreds of chemical compounds discharged by man's activities. The concentration of these substances in air is increasing as urban populations grow and as the use of fuels and other materials expand.

The adverse effects of air pollution are increasing in geographic scope and in degree -- more plant and animal damage; larger estimates of economic loss due to such factors as soiling and corrosion; and increasingly definitive evidence of damage to human health.

The air pollution problem will tend to grow in parallel with urban and industrial growth. Air pollution cannot be eliminated from an urban, industrial society. But it can and should be controlled within the limits imposed by human health and well-being. The decisions before the Nation are to determine the level of activity necessary to achieve such control and to apportion the responsibility justly among local, state and federal governmental units and industry.

II. Discussion

(a) What is air pollution?

Air pollution is commonly defined as the presence in the atmosphere of substances in concentrations sufficient to interfere with man's health, comfort, or safety, or with the full use and enjoyment of his property.

Air pollution today is characterized by the simultaneous outpouring in urban areas of many gases, fumes, and solids -- followed by chemical reactions and physical combinations among them in the open air. The pollutants come from incomplete combustion of various fuels and wastes in home and factory, from automobiles and other vehicles, from evaporation of many common use volatile substances, from electric power generation, from any industrial or other processing resulting in evolution of dusts, fumes, or gases -- in short, from many and diverse activities of the population.

A great variety of polluting materials is commonly discharged to the air, some in large quantities. The table below shows an estimate of some of the commoner pollutants discharged to the air in two large cities.

ESTIMATED EMISSIONS - TONS PER DAY

Pollutant	New York	Chicago
Sulfur dioxide	2170	3197
Sulfur trioxide	133	182
Hydrogen sulfide	133	196
Nitrogen oxides (as dioxide)	1355	1103
Hydrogen cyanide	96	196
Ammonia	115	141
Hydrochloric acid	118	141
Formaldehyde	131	147
Organics, Miscellaneous	4330	3863
Organic acids (as acetic)	1542	1732
Fluorides (as fluorine)	8	16
Solids (smoke, dusts, etc.)	12693	26236

(Data from Stanford Research Institute -- "Literature Review of Metropolitan Air Pollutant Concentrations," 1956)

The concentration of pollutants in the air at any time depends upon the interplay of several factors: (1) the quantity being emitted; (2) the vertical and horizontal aerial dispersion of the pollutants from the source; and (3) the chemical and physical reactions which alter the pollutants in the air.

(b) What does air pollution do?

Air pollution has long been recognized as causing nuisance, irritation, and economic loss. Recent estimates of the economic damages of air pollution in the United States run as high as $7.5 billions each year, exclusive of the costs of health damage. These economic losses stem from

- corrosion of metals and other materials,
- fuel losses due to incomplete combustion,
- soiling of surfaces (property of all kinds, from structures to clothing),
- damage to vegetation and livestock (from a wide variety of pollution sources such as smelting of ores, automobile operation, steel and aluminum production, phosphate fertilizer manufacture),
- interference with visibility,
- interference with production or services.

Even more important are the facts which are falling into place regarding the effects of air pollution on human health. The acute lethal potential of air pollution has been demonstrated on several occasions

- in the Meuse Valley, Belgium, in 1930, when 60 persons died and thousands more were incapacitated;
- in Donora, Pennsylvania, in 1948, where 20 persons died and half the population were made ill;

- in London, England, in 1952, and again in 1956, where thousands of deaths occurred.

Other effects of air pollution range from transitory irritations of the eyes, nose, and throat, contamination of crops from smelter and similar emissions, to more subtle and long-range physiological changes contributing to chronic illness or premature death. It is particularly difficult to demonstrate long-term health damage, but there is increasing scientific evidence of its importance, as illustrated by the following examples:

(1) Known cancer producing substances (e.g., 3-4 benzpyrene) can be measured routinely in urban air samples. Extracts from urban air can cause cancer in laboratory animals. Statistical studies show increased human lung cancer death rates in urban as compared to rural areas, several fold higher for non-smokers, and 30-50% higher for cigarette smokers.

(2) Ozone, a highly toxic gas, is formed in urban atmospheres by the action of sunlight on automobile exhaust emissions. Ozone concentrations not greatly in excess of those found in some cities, will cause permanent scarring in the lungs of laboratory animals. In "oxidizing smogs," containing ozone and related compounds, persons with chest ailments develop more severe symptoms.

(3) Carbon monoxide, from incomplete combustion of gasoline or other fuels, reduces the oxygen-carrying capacity of the blood. In some communities, carbon monoxide reaches concentrations which cause a reduction in oxygen-carrying capacity of the blood equivalent to that caused by flying in an unpressurized aircraft at much higher altitude than permitted under CAA regulations. Los Angeles records concentration of carbon monoxide in the air three times the standard recommended by the California State Health Department. In Weirton, West Virginia, 11 persons were reported hospitalized recently due to an area-wide carbon monoxide pollution incident.

(4) Sulfur dioxide is one of the commonest urban air pollutants, coming primarily from the sulfur content of fuel oil and coal. It can cause serious obstruction to breathing and irritation of the respiratory system. Its physiologic action is enhanced by the presence of some inert particles in air. It converts slowly in air to sulfuric acid, a still more potent respiratory irritant. Many British scientists believe that sulfur dioxide is a major cause of "chronic bronchitis," the third largest cause of death in England.

(5) During the last three steel strike periods, air sampling has shown the air to be considerably less polluted than usual in cities where steel production is the major industry. Preliminary statistical studies have provided evidence that fewer cardio-respiratory deaths occurred during the strike period than would normally be expected.

(c) What is being done about air pollution?

Governmental control of air pollution has generally been considered a local problem and thus a responsibility of local government. In the

United States, there are some 250 local government agencies which engage in air pollution control work. For the most part, attention in these programs is limited to abatement of smoke and odor nuisances, although there are a few notable exceptions where more comprehensive programs are carried on. In perhaps only one large urban area, Los Angeles, has the program been sufficiently broad to appraise the overall situation and the sources of pollution, and to institute broad technical and enforcement measures for control. In general, local air pollution control programs are inadequately staffed to do a comprehensive technical and enforcement job.

All of the state health departments engage in some air pollution activity, mostly in relation to nuisance abatement or technical assistance on local problems. In the past decade, a trend has appeared for the states to enact more comprehensive program legislation calling for problem appraisal, surveillance, technical assistance to local agencies, and, in some instances, enforcement of regulations. Currently, 13 states have enacted such legislation and initiated the authorized programs.

Since fiscal year 1956, the Federal Government, through the Public Health Service, has been conducting a program of research and technical assistance relating to air pollution, under temporary authorizations by the 84th and 86th Congresses. Public Law 84-159 recognizes the dangers to health and welfare and the agricultural and other economic damages from air pollution, declares the policy of preserving the primary responsibilities and rights of the states and local governments in controlling air pollution, and authorizes the Public Health Service to conduct and support programs of research, technical assistance to public and private organizations, and training of technical personnel as related to air pollution. Program emphasis has been on research; currently over 80 percent of the available funds ($4.3 millions in F. Y. 1960) are devoted to this purpose. Program activities have utilized the competence and facilities of the Public Health Service and other Federal agencies, as well as of non-Federal institutions. An Interdepartmental Committee on Community Air Pollution has provided formal liaison among the Federal agencies concerned and assisted in coordination of use of Federal resources.

It is generally accepted that industry has responsibility for the control of emissions resulting from its operations and for research specifically related to such control. Available data indicate a national annual expenditure by industry of over $300 millions for these purposes. However, within industry, the extent of voluntary acceptance of this responsibility is quite variable.

Technical knowledge of air pollution and its control has advanced materially in the past decade. Procedures and equipment are now available for the control of most emissions; notable exceptions are automobile emissions, sulfur dioxide from fuel combustion, and the emissions from some industrial processes for metal and chemical manufacturing. Improved knowledge is being gained of the chemistry and meteorology of air pollution and of its specific effects, but much remains to be done.

(d) What of the future?

Serious as the air pollution problem is in many areas today, the problem will increase tremendously, and perhaps disastrously, unless more of the Nation's resources are devoted to its control.

The two principal factors contributing to air pollution -- population and economic activity -- will inevitably increase the air pollution potential in our urban areas. In the next decade our population is expected to grow to approximately 215 millions, an increase of 20 percent. In the next ten years also, it is estimated that our total economy will grow by about 45 percent. All of us will be using more energy, materials, and products. For the most part, this growth of population and economic activity will occur in our urban areas, where air pollution is already a serious problem.

In November 1958, some 900 representatives of industry, government, universities and the public met here in Washington to discuss the air pollution problem and lay out a course for the future. This National Conference on Air Pollution made many recommendations, both broad and detailed, aimed at greater attention to the air pollution problem by all levels of government, industry, and the public through increased research, surveillance, and control. Since the National Conference, a non-Federal task group representing industry, state and local government, and the public has reviewed the needs for air pollution research, and is developing recommendations that it be expanded approximately three-fold above the current national expenditure of $11 millions annually.

The development of improved capability for coping with air pollution problems will involve not only increased attention to research, but also the exercise of improved surveillance and regulatory authority by government and the institution of more efficient procedures for controlling pollutant emissions by industry and others. There are several aspects of these needs which are of particular interest to the Federal Government: (a) the expansion of needed research; (b) the stimulation of state and local governments, and of industry, to accept responsibility for and implement enlarged programs in this field; (c) the development of means for regulating interstate air pollution; and (d) the development of air quality and pollution emission standards, particularly as these may apply to health considerations and to the regulation of products or substances in interstate commerce.

III. Recommendations

(a) That the Federal Government exert greater leadership and effort in obtaining increased attention and the devotion of greater resources to the problems of air pollution by all levels of government, by industry, and the public.

(b) That the Federal effort be aimed principally at increasing the technical and other capabilities of states and local governments to exercise suitable regulation in this field, and to stimulate them and industry to undertake appropriate control actions.

(c) That the Department of Health, Education, and Welfare have responsibility for leadership in implementing the Federal action needed.

AMPLIFICATION OF RECOMMENDATIONS

(A) That the Federal Government exert greater leadership and effort in obtaining increased attention and the devotion of greater resources to the problems of air pollution by all levels of government, by industry, and by the public.

(1) The basic role of the Federal Government should be one of conducting and supporting research into the many complex air pollution problems of today and of the future, of providing mechanisms whereby this knowledge can be applied to government, industry, and the public, and of training technical personnel so badly needed in this field.

(2) In order to exercise leadership, the Federal Government should be authorized to hold public hearings on air pollution problems which are interstate in nature or which are of broad national significance. The hearings would not be binding on the participants, but would develop recommendations as a means of focusing public attention on carefully considered solutions to problems.

(3) The Federal Government should develop standards for various pollutants in the ambient atmosphere beyond which health damage will result.

(4) The Federal Government should provide basic technical information upon which emission standards for various pollutants can be developed. These standards generally will vary somewhat, as between States and communities, in consideration of variations in topography, meteorology, etc. On the other hand, uniform emission standards may be needed in certain instances where interstate implications will be of overriding significance.

(5) Through such mechanisms as the National Conference on Air Pollution, and the ad-hoc group developing national goals for air pollution research, the Federal Government must stimulate greater application of resources and attention to solution of air pollution problems -- by all levels of governments, by industry, and by the public.

(B) That the Federal effort be aimed principally at increasing the technical and other capabilities of States and local governments to exercise suitable regulation in this field, and to stimulate them and industry to undertake appropriate control actions.

(1) The responsibilities of State and local governments in controlling air pollution are recognized; however, State and local governments have been comparatively slow to recognize their problems and to adequately support surveillance and abatement programs.

(2) The Federal Government, through the provision of technical assistance and opportunities for training of technical personnel, should encourage and assist States and communities to assume their responsibilities.

(3) In order to be of material assistance to State and local governments in assuming their responsibilities for the control of air pollution, this Department should provide grants-in-aid to State and local agencies for the operation of surveillance and abatement programs. The use of this mechanism has proved to be highly successful in the attack on other public health problems, and it would provide the impetus needed by State and local agencies.

(4) Industry must be stimulated to assume a more enlightened attitude towards air pollution control, and to adequately support research and control activity related to industry's contributions to air pollution problems.

(5) A joint determination of the fair share of government and industry in air pollution research is being made. This mutual understanding -- which should be extended also to abatement effort -- must be emphasized so that government at all levels and industry can attack the problems that exist today and those which lie ahead.

(C) That the Department of Health, Education, and Welfare have responsibility for leadership in implementing the Federal action needed.

(1) In its deliberations in 1954-55, the Ad Hoc Interdepartmental Committee on Community Air Pollution reviewed the air pollution interest and activity of each Federal agency. This Committee concluded that coordination and leadership in this area should be given to one department, and that the Department of Health, Education, and Welfare should be responsible for a Federal air pollution program, that the Department should sponsor or support legislation specifically authorizing and implementing such a program, and that funds should be sought by the Department for this purpose.

(2) The Ad Hoc Interdepartmental Committee indicated that the program responsibility of the Department would not abrogate specialized existing legal responsibilities of other Federal agencies in this field; e.g., that of the Department of Agriculture. Leadership by one department makes possible the coordination necessary in an over-all program while utilizing the competence of other agencies to the maximum extent feasible and appropriate.

(3) In July 1955, the President approved Public Law 159 of the 84th Congress, which authorized the Surgeon General of the Public Health Service to carry on a program of research, technical

assistance and training in the field of air pollution. This act authorized an appropriation not to exceed $5 millions in each of the Fiscal Years 1956 through 1960. In September 1959, the President approved Public Law 365 of the 86th Congress, which extended the Federal Research and Technical Assistance Act until June 30, 1964, with the same annual appropriation authorization.

(4) If the Federal Government is to exercise effective leadership in meeting the present and future problems of air pollution, the enactment of certain legislative amendments, already proposed by the Administration, is desirable:

(a) The elimination of the current time and appropriation limitations in the existing legislation, and

(b) Authorization for the holding of public hearings on air pollution problems which are interstate in nature or which are of broad national significance.

In order that the Federal program may be carried out more effectively, the program authority should be made permament. In an important area such as this, and particularly in one where major activity is devoted to research, it now is extremely difficult to plan much of the long-range research that is required, particularly in relation to the effects on health. Present limitations on both funds and time would be extremely disadvantageous if any important breakthroughs would dictate the need for substantial expansion of activity. Also the non-Federal task group representing industry, State and local government, and the public, is developing recommendations for about a three-fold expansion of Federal air pollution research.

The authority to hold public hearings on air pollution problems would provide a means of focusing public attention on carefully considered solutions to the problems which occasioned the hearings. It is proposed, however, that these hearings would not be binding on the participants.

In the future, it may be necessary to consider further Federal legislation in this field. One such consideration relates to air quality and pollution emission standards. Specific air quality standards, based upon sound scientific information, must be developed for uniform application, if health damage is demonstrated. There is need also for the determination of levels of specific pollutants in the atmosphere beyond which effects on vegetation, on animals, on materials and on visibility will result; these standards may be less stringent than those related to the demonstrable effects on human health. Emission standards for specific pollutants must be developed eventually if control programs aimed at attaining these ambient air standards are to be operated realistically. Generally, these pollution emission standards should recognize the variations which exist geographically from place to place. There may be overriding circumstances, however, which would dictate a need for uniform application of a single set of emission standards for specific pollutants in instances concerning the regulation of products or substances widely distributed in interstate commerce.

A second consideration which may require further action in the future relates to interstate air pollution. Air pollution is not a respecter of political lines of jurisdiction and there is need for the Federal Government to cooperate with State and other agencies in the preparation and development of comprehensive programs for the control of interstate air pollution. For any instances in which such collaboration is ineffective, authorization to institute the following procedures by the Federal Government ultimately may be desirable:

(a) Calling of a conference to determine the nature of the problem;

(b) Holding of a public hearing; and

(c) Institution of legal control proceedings by the Federal Government.

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April 28, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, April 29, 1960

1.	Draft Message to the Congress	/To be Read Aloud/ (RESTRICTED ATTENDANCE)	The Deputy Assistant to the President for Congressional Affairs
2.	Status Report on Expenditures and Personnel	(Oral)	The Director, Bureau of the Budget
3.	Project PLOWSHARE	(Oral)	The Chairman, Atomic Energy Commission
4.	Isthmian Canal Plans, 1960	CP - 60-108	The Stockholder, Panama Canal Company The Chairman, Board of Directors, Panama Canal Company

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

~~CONFIDENTIAL~~

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E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

MINUTES OF CABINET MEETING

April 29, 1960

9:04 a.m. -- 11:15 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Mr. Loy Henderson
  for Sec. Herter
Sec. Anderson
Sec. Gates
Mr. Lawrence Walsh
  for AG Rogers
Mr. John McKibbin
  for PMG Summerfield
Mr. Royce Hardy
  for Sec. Seaton
Sec. Benson
Sec. Mitchell
Mr. John Allen (in part)
  for Sec. Mueller
Sec. Flemming

Amb. Lodge
Gov. Hoegh
Mr. Stans, BoB
  Mr. Staats
Mr. John McCone, AEC
Dr. Saulnier, CEA

Sen. Morton, RNC
Sec. Brucker, Army (in part)
  Mr. George Roderick (in part)
Amb. Julian Harrington, Panama (in part)
Dr. Edward Teller, AEC (in part)
Dr. Gerald Johnson, AEC (in part)
Mr. Merrill Whitman, Panama Canal Company (in part)

Mr. Morgan
Mr. Kendall
Mr. Merriam
Dr. Paarlberg
Mr. Harlow
Mr. McCabe
Gen. Goodpaster
Mr. Robert Gray
Maj. Eisenhower
General Bragdon (in part)
Mr. Harr (in part)
Mrs. Wheaton
Mr. Patterson
Mr. Minnich

Special Message to Congress - The President asked Mr. Harlow to read the draft special message and Mr. Harlow did, as at Leadership meeting the previous Tuesday. The President then commented that there was further language editing to be done and decision was yet to be made on an acceptable plan for medical care for the aged.

Sec. Anderson doubted the wisdom of inserting any slogan or "watch-word" in a message to Congress. Also he hoped that reference could be made to things being done to improve the balance of payments situation, since there was much concern over this and there might be an adverse effect on mutual security legislation unless the concern could be somewhat allayed. The President agreed this could be done.

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Sec. Mitchell thought more stress should be put upon the major progress accomplished in civil rights, even though the Administration recommended even greater action, to controvert the allegations that this is an ineffective bill.

Acting Secretary Henderson referred to the heavy political content of the first several pages. The President said that he and the Staff always disagreed on this in that the Staff generally urged a tough line toward the Congress whereas he thought more achievement would be forthcoming from a persuasive approach. He noted what he called the "Charlie Halleck school of thought," which held that nothing would be done anyway, hence a tough line should be taken. Nevertheless, the President thought, there never was much point in trying to spank the Congress -- another equal branch of the Government. Mr. Gates' then said he too had been sensitive to the partisanship at the beginning, and the President replied that the current draft was pretty mild compared to earlier ones. The Vice President thought it was necessary to keep some bite in the message, otherwise it would go unnoticed. Mr. Benson thought there might be an expression of appreciation of the things that have been done, in Committee especially. He also urged a push for the disaster relief legislation. Mr. Flemming said that he personally liked the tone of the message and that it would be a very constructive service.

The Vice President suggested substitution for the word "overdo," since the opposition would seize upon that and turn it back on the Administration as being afraid to act. The President agreed that something like "overreach" or "overspend" would be better. He pointed out, however, that he still considered that people could "overdo" in medical research, for example, with the result of using second-rate personnel and stealing personnel from other essential medical service.

The President emphasized his concern that State and local governments not be ignored, and he felt that this had to be made clear in the message.

The President then referred to the continuing discussions of proposals for medical care for the aged. He thought in the existing political climate that it just was not possible to refuse to take any action. He thought the necessities of the situation were often overstated, but it was certainly true that the situation was very critical for those people actually in need. Perhaps the real problem was to sort out those who needed help from those who did not. The Vice President added that medical care was only one aspect of the more general problem of old age and that agitation would probably never end unless something like $200 a month was given to everyone over 65.

Sec. Benson thought this a program that might be left to the States. Amb. Lodge challenged this view on the basis that the States do not have revenues to cover, since the Federal government had in 1916

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pre-empted the income tax. Sec. Benson asserted that a lot of the tax dollars got lost in the round trip to Washington. Mr. Lodge said he would not quarrel with that.

The Vice President focused attention on the quality of medical care as the thing more properly the subject of concern, for concern with the budget would not carry much weight with those involved. He asked whether Dr. Flemming had made any studies of the paper work and the numerous employees that would be involved in implementing the Forand bill, for instance. The President also thought this should be studied.

Sec. Anderson noted the vulnerability of "the general fund" which had no special interest group to protect it. He did not like the idea of hanging this new program on general revenues, nor did he think it wise to set up some new fund. He wondered if there might be something like "another line" added to the Social Security forms. He felt that if those who would undoubtedly be pressing for expansion of medical care were somehow required to contribute to its funding, they would then show more responsibility. The President pointed out that OASI doesn't reach the people who most need this medical help. Dr. Flemming confirmed that, then stated his sympathy with Sec. Anderson's view, but concluded that the Administration must stand firm against attachment of this to the Social Security program, particularly because of the compulsory feature involved. He thought it would be very good if it were possible to work out some earmarked tax, so that expansion of the program would depend upon a particular revenue rather than general revenues.

Sec. Benson cited statistics of medical insurance popularity at present and believed that private coverage would be even more comprehensive were it not for the prospect that somehow the government would provide. Dr. Flemming cautioned that there was often a problem in the fine print of the private policies, and that they did not really solve the problem for low income people.

Budget and Personnel - Mr. Stans reviewed the FY '60 budget situation and estimated a surplus of $221 million on June 30th. This did not provide any room for anything like a retroactive pay bill, he said. He noted that an $80 million payment to the Inter-American Bank could possibly be deferred to FY '61, if necessary.

Mr. Stans pointed out that civilian employment is 5000 less than a year ago, thanks to the major decreases by DoD, that the projected estimate for June 30th is 2% below authorized levels but 6000 people higher than June 30th, 1959. He thought it would be very significant if that 6000 increase could be eliminated so the level would have been held steady for two successive years.

Mr. Stans then went over the various "threats" to the budget, using the same charts as at Leadership the preceeding Tuesday.

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The President commented that if Cabinet members could take the time to look at staffing arrangements all the way down through government, they would undoubtedly find overstaffing far beyond anything they would tolerate in a private business. He recalled the accomplishment of personnel reduction under General Lord at the end of World War I when a drastic cut was ordered -- and carried out!

Project Plowshare - Mr. McCone introduced Dr. Teller, first emphasizing that agreement at least in principle had been reached in Geneva for exempting peaceful uses explosives from the nuclear explosive ban. He thought, however, that there would be difficulty in settling on the exact language.

Dr. Teller recalled the President's interest in peaceful uses at the conference he had with Teller, Lawrence and another scientist three years ago. The projects discussed then have now been grouped into Project Plowshare, and the study accomplished in the past three years confirms this to be a very promising field of endeavor.

Using maps and charts, Dr. Teller took note of Russian explosions for excavation purposes and hoped the Russians would provide more information about these than they have; described Project Gnome, strip mining possibilities, harbor creation, sea level canals, oil mining, water conservation, etc. (See booklet attached.)

Dr. Teller concluded that perhaps the greatest possibility in this field is that of a sea level canal through the Central American Isthmus. However, this would need much preliminary experimentation, hence the necessity to be allowed to go ahead with experimental explosions. Sec. Gates inquired about the relationship of experimental explosions to weapons development. Dr. Teller replied that continuation of peaceful uses tests would not be significant to weapons development since the type of moratorium envisaged for the next several years could doubtless be evaded without detection, hence there would be no need to attempt weapons development under the camouflage of peaceful uses.

The President inquired of Dr. Teller what the savings might be from using nuclear explosives instead of conventional high explosives for excavation purposes. Dr. Teller said that nuclear begins to be cheaper at the level of one K.T., and that by the time 100 K.T. is reached, nuclear is about 1/10th as expensive as H.E.

(At the conclusion of this item, it was noted that the President was behind schedule with his appointments and that the next item could be postponed, if desired. The President decided to proceed with it, and joked that he could no longer depart the meeting and leave the Vice President to preside without incurring charges of politics!)

Isthmian Canal - Mr. Brucker picked up the subject of a sea level canal, which Dr. Teller had discussed in part. He said that the plan

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for cleaning up the existing canal, approved in 1959, will continue through 1968, but the need remains for settling on a long range solution.

Mr. Roderick said that the 1947 study of requirements and of routes remains pertinent in all respects except for the possibility of using nuclear explosions. He then went over the various possible routes and their costs. He concluded that a sea level canal is best since it can handle the heaviest traffic, at the most economical rate, and would be less vulnerable to attack.

Mr. Roderick commented that the Panama Canal Company is now very experienced and could carry on with the new canal.

Mr. Roderick wanted to propose, subject to the President's approval of the project, some public announcement of it, even though further nuclear development was required prior to actual initiation of the work.

The President said that the biggest problem now is the determination that will have to be made as to our foreign policy interests -- that is, whether to stay with Panama or to consider switching to Colombia. He thought that the additional cost of routes other than those in Panama was a very secondary factor given the long term usage of any canal. Mr. Roderick thought that the financing could be similar to that of the St. Lawrence Seaway, and that even the more expensive canals could be paid off by using higher tolls than now charged. He noted that there had been no increase in tolls since 1916.

The President repeated that State should get to work now on its part of the problem. Sec. Anderson thought that State should also consider the fringe economic benefits that would accrue to whatever country that became the site of the new canal -- for instance, Colombian economic development would be greatly advanced if the switch were made to it. Mr. McCone did not want the Mexican possibility dismissed lightly, even though much more costly, since it would save much time for ships traveling between the East and West coasts of the United States. Mr. Roderick said that a study showed various savings for various routes, but that Panama currently is on the direct line of the heaviest traffic -- from Venezuela to the East Coast.

The President stated that anything that binds Mexico closer to the United States is in itself worth a billion. The Vice President added that the matter of stability of local government is a question with which State would have to be concerned and is of very great importance.

Sec. Benson asked if it was planned to discontinue the present canal. Mr. Roderick replied that this also is a question for determination through State Department.

Mr. Brucker inquired about informing Congressional Committees of this proposal and of publicizing it. Mr. Henderson asked that the question of publicity be deferred until Mr. Herter's return on May 6th.

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Mr. Brucker felt some urgency with regard to Congressional hearings. The President thought that no great problem was involved in the basic report submitted by the Panama Canal Company, rather it was in the things the State Department needed to consider. He directed Mr. Henderson to take it under study and discuss it with Mr. Dillon in the absence of Mr. Herter.

LAM
L. A. Minnich, Jr.

Copy to:
- ✓Mrs. Whitman (2)
- Mr. Gray
- Mr. Minnich

RA - 60-152

May 5, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet Meeting of Friday, April 29, 1960:

1. Draft Message to the Congress [Read aloud]

ACTION: The President will take into consideration the suggestions offered at the meeting by the members of the Cabinet.

2. Status Report on Expenditures and Personnel

ACTION: a) The President reemphasized his interest in curbing increases in federal personnel, and admonished the members of the Cabinet to reexamine their own "headquarters operations" and field staffs.

b) The President reiterated his determination to hold over-all personnel levels at or below the total existing on June 30, 1959.

c) Consideration will be given to making the data in Director Stans' chart presentation available for use by Administration spokesmen.

3. Project PLOWSHARE

ACTION: The presentation by Chairman McCone and Drs. Teller and Johnson and its implications for the future, were noted by the President and the members of the Cabinet with deep interest and appreciation.

4. Isthmian Canal Plans, 1960 (CP - 60-108)

ACTION: a) Subject to the further consideration mentioned in subparagraph b(i) below, and taking into account, in addition to the points raised in the Cabinet paper,

i) the relatively diminished importance, in the long run, of the estimated differences in costs, when judged against other considerations, and

ii) the possibility of higher tolls because of full-speed transit, the President indicated his favorable inclination to the Recommendations of CP - 60-108, with the proviso that the nuclear excavation of a trans-Mexican (Tehuantepec) route be included as one of the likely alternatives -- especially in view of the friendliness of the Mexican Government.

b) The President requested the staff of the Department of State to prepare for use upon the return of Acting Secretary Dillon materials on the basis of which he may advise the President as to

  i) the diplomatic considerations involved in negotiating respectively a Mexican, Colombian or Panamanian route, this matter being scheduled for a subsequent meeting of the National Security Council;

  ii) the recommendation of Secretary Brucker, i.e. that favorable consideration should be given to releasing the text of CP - 60-108 and/or a related interim statement in the very near future, and thus ensuring that the Administration receives the credit for the new proposals which its initiative deserves.

Robert Gray
Secretary to the Cabinet

Approved by the President
May 5, 1960

THE WHITE HOUSE
WASHINGTON

April 28, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, April 29

1. Fiscal Year 1960 Status Report (Director Stans)

Director Stans will list specific actions which are needed to ensure a balanced budget on June 30.

2. Project PLOWSHARE (Chairman McCone)

For some years, Chairman McCone and his colleagues in the Atomic Energy Commission have been developing a series of projects for the peaceful uses of atomic explosives: for mining, oil-shale exploitation, power generation and large-scale construction. These ideas have been labelled, collectively, "Project PLOWSHARE". One of the articles submitted in the Geneva Test Ban negotiations would provide for the use of such peaceful nuclear explosives.

Project PLOWSHARE is described succinctly in a visual presentation which the Commission has prepared. Because of its significance to other members of the Cabinet in their concern with new ideas affecting the future of the American economy, Chairman McCone is planning to make this presentation Friday.

The Chairman will be assisted by Dr. Edward Teller and Dr. Gerald Johnson who have been his principal subordinates in preparing the parts of Project PLOWSHARE.

3. Isthmian Canal Plans - 1960 (Secretary Brucker,
Assistant Secretary Roderick)

A part of the Record of Action which you approved from the Cabinet meeting of May 22, 1959, reads:

> "With respect to long-range plans, and taking into consideration the President's thought with respect to an additional canal, the Board of Directors of the Panama Canal Company, working with the Atomic Energy Commission and consulting as appropriate with the Department of State, will prepare and within a year will present to the Cabinet and the President recommendations as to the choice among the five alternatives set forth."

The Board of Directors of the Panama Canal Company have followed these instructions precisely and Secretary Brucker has now submitted the Report to you: a 33-page volume supplemented by eight Annexes, the latter giving details of costs, vulnerability studies, forecasts of traffic, rates, etc. The members of the Cabinet have had nearly three weeks to examine these papers.

The House Merchant Marine and Fisheries Committee is about to publish a report on a new Panama canal. Secretary Roderick feels that you deserve the credit for the novel ideas about a new canal which our own report contains -- and this credit will be fully gained only if some announcement from the Administration precedes a Congressional release.

The Joint Chiefs of Staff are preparing a report on the military interest in a new canal; you may wish to review this and other strictly security questions in a subsequent NSC meeting.

Bob

Robert Gray
Secretary to the Cabinet

FOR RELEASE ON DELIVERY TO THE SENATE OR THE HOUSE OF REPRESENTATIVES

May 3, 1960

CAUTION: The following message of the President scheduled for delivery to the Congress today, May 3, 1960, MUST BE HELD IN STRICT CONFIDENCE and no portion, synopsis or intimation of its contents may be given out or published UNTIL RELEASE TIME.

The same caution applies to all newspapers, radio and television commentators and news broadcasters, both in the United States and abroad.

PLEASE USE EXTREME CARE TO AVOID PREMATURE PUBLICATION OR ANNOUNCEMENT.

James C. Hagerty
Press Secretary to the President

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Of this, presumably the last Congressional session during my term of office, four months have gone by. Thus far the one major accomplishment is enactment of civil rights legislation. Although Congress rejected certain of my recommendations in this area -- those relating to equality of job opportunity and assistance to states attempting to desegregate their schools -- the new civil rights measure is another important step toward the attainment of the ideal of equal rights before the law for every citizen.

With only two months apparently left in the session, we still have a great deal to get done for America. I stress this now because, first, the time grows short in which to legislate prudently and wisely, without undue haste; and, second, too great a preoccupation with the events of an election year could seriously impede constructive effort. With the Congress controlled by one party and the Executive Branch by the other, these difficulties could become severe.

We should jointly resolve that the shortness of time and political rivalries will not be allowed to prevent us from serving the American people effectively. Matters are still pending that are vital to the health of our economy and to the nation's security and world peace; none of us can afford to electioneer at the expense of these. Nor can we yield to the temptation to neglect projects that we know are essential to good government but possess little popular appeal, and at the same time overemphasize others in the hope of benefit to one party or the other, or individuals therein.

* * * * *

Relating these considerations to a few of the programs still pending, I refer, first, to our vital mutual security effort.

During most of our Nation's history, our growth was strongly influenced by two unique conditions. First, for more than a century and a half two great oceans protected us from the violent struggles of the Old World. Although in recent years we became engaged in two global wars, our relative isolation gave us months in which to assemble, train and equip our forces deliberately and unmolested. Second, from the very

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beginning, our nation's rapid expansion was encouraged by commercial and financial assistance from the nations of Europe. These countries provided us with valuable skills and the capital needed to accelerate the development of our resources, industries and commerce.

These conditions have radically changed. America emerged from World War II as the mightiest nation in a free world that, in the main, was exhausted and crippled. Soon thereafter we came to realize that new weapons of great power, speed and range had markedly reduced the value of our ocean shield. Our homeland, in any future major war, would be a prime target, and our warning time against surprise attack would be minutes, not months. Our security cannot now be achieved by methods and a level of effort believed adequate only a few years ago.

In a world, moreover, in which an aggressive ideology drives ceaselessly to destroy human freedom, it is now the United States to which aspiring free peoples, particularly in under-developed areas, must look, as America once did to others, for the technical knowledge and financial assistance needed to help them strengthen their economies and protect their independence.

Such changes as these gave rise to our mutual security program, one of the most necessary and successful enterprises America has undertaken throughout her history. Started more than a decade ago, the program helped to save Greece, forestalled economic collapse in Turkey and Western Europe, supported the countries of the SEATO Alliance, sustained the strength and independence of South Korea and the Republic of China, and made real progress, in under-developed nations on five continents, in combatting disease, poverty and suffering, and thus has strengthened the resistance of those areas to Communist penetration, propaganda and subversion. Clear it is that the mutual security program provides the surest path by which America can lead to and sustain a durable peace with justice.

Such a program serves the nation at large rather than any particular locality, section or group. Only with difficulty, therefore, can its great rewards be measured by individual communities and citizens. It inevitably follows that in the annual contests over the public use of tax revenues, there is a tendency to bypass the needs of this vital security program in favor of domestic projects that, urged by special groups, achieve a measure of support far greater than their over-all value to the nation warrants. Understandable this tendency is, but I deem it a great disservice to America to indulge it. The security of our country obviously demands that our mutual security program be carried forward at an adequate level.

I have asked new appropriations of $4.175 billions for this program for the 1961 fiscal year. Nearly half of this -- a sum one-twentieth of our own defense budget -- is to assist the military forces of the free world, comprising 5,000,000 soldiers, 2200 combatant ships, and 30,000 aircraft. I need not remind the Congress of the low cost at which this force for freedom is sustained as compared to the cost of an aircraft carrier, a squadron of jet bombers, or an Army or Marine Corps division in our own defense structure.

Of the other parts of the program, one-third is for economic assistance required to help sustain these large forces abroad. The remainder consists of loans, technical assistance and grants to help under-developed nations. These are the funds that spell the difference between hopeless stagnation and progress for hundreds of millions of people who, with us, believe in freedom.

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Congressional approval of these funds for mutual security will profoundly benefit our people. To our allies and to others with whom we discuss the great issues of our times, it will signify that a united America has not wearied in the discharge of its responsibilities, and that we are unshakable in our determination to attain a world order in which men are free to pursue their goals in peace. And I emphasize once again that, as we strive to build the kind of world in which America believes, our adversaries are not all included in the single word "Communism." They are distress and privation as well, and also the desperation of peoples when they realize that, lacking outside help, they struggle in vain to better their lives. Widespread chaos and misery cannot provide a world climate in which our free Republic can prosper and remain secure. There is for America no higher purpose or greater need than to measure up to her world leadership responsibilities.

I am keenly aware of the contention that, because of an adverse balance of payments, and because of certain failures in administration, America should curtail these mutual security efforts. We must, and do, strive for greater efficiency. Likewise, we do have a problem with balance of payments but the way to meet this is by positive actions which expand exports. Neither difficulty can be met by withdrawing from our responsibilities for world leadership and from partnership in the protection of freedom. We need -- in our own interests -- greater human progress and economic growth throughout the world. We cannot achieve these by an assault either on mutual security or on liberal trade policies.

I congratulate the Congress for its actions thus far on the funds for mutual security in the authorizing legislation, and I reaffirm the imperative necessity of providing the appropriations that the authorization would allow.

* * * * *

Next is agriculture, a subject on which I have commented repeatedly to the Congress.

In no domestic area do we have a more obvious need for corrective action. We cannot wonder that the patience of our farmers wears thin. By force of law the Government's surplus holdings, especially of wheat, continually increase. These overhang the market, depress prices, and impose an ever more onerous burden upon all citizens, our farmers particularly. I have offered many recommendations for attacking the problem through bipartisan action. Action there has been on occasion but, in respect to wheat especially, far less than needed or of a kind that would make our farmers' present troubles grow worse.

In an effort to break the legislative stalemate I recently advised the Congress that, within broad guidelines which I suggested, I would approve any constructive farm bill that the Congress might enact. There is as yet no agreement on the part of the two Houses of Congress on a constructive approach.

Meanwhile farmers grow more concerned about their future, and our people generally become increasingly unhappy as their government expends a thousand of their tax dollars every minute on the self-defeating wheat program. Lately I have noted, with deep concern, a growing disposition in certain Congressional quarters to favor proposals long ago rejected as unworkable, and which would obviously go beyond even the very broad limits I outlined almost three months ago.

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I regret also the continuing tendency to rely, in agriculture, upon Federal controls, which inevitably create interference with the lives of our farm people. I still believe that America's farmers prefer, as certainly I do, the development of legislation which will promote progress for them toward economic equality and permit them the maximum freedom.

Surely it is time, in the interest of all Americans, for the Congress to face up to the admittedly difficult problems of agriculture. It is constructive results that farmers want and need. Indeed, I believe that all America is looking for this kind of action before this session adjourns.

Also badly needed is extension of the Sugar Act, soon to expire. At stake are an assured and stable supply of sugar for our people at reasonable prices and removal of the uncertainties now facing this industry. A four-year extension of the present program, modified to give the President authority to adjust quotas in order to assure America of an adequate sugar supply, is needed to give farmers and processors the time to plan. Appropriate recommendations are before the Congress. The interests of America require that legislation be enacted before the Congress adjourns.

* * * * *

I have repeatedly stated the need for legislation in other important areas. Some of these measures are of a kind that, at the expense of responsible government, tend to be shunted aside in an election year.

First is the urgent need of Federal Courts for enough judges to hear the greatly increased number of cases being filed each year. Regardless of expediency, justice calls for prompt action.

The Judicial Conference of the United States has recommended the creation of approximately 40 new judgeships. This recommendation is supported by the Administration and by virtually every important professional organization concerned with the administration of the courts.

We who advocate equal justice under law have a duty to make it effective. In certain districts injured people must wait over four years for justice or compromise their rights; innocent people who are defrauded are made a laughingstock because the delay in the courts deprives them of an effective remedy; justice is denied the weak because they cannot finance the delay necessary to be heard. Further neglect of this need is heartless. For all our people, I most earnestly urge swift action on the pending measure to increase the number of judgeships.

Next I refer to my request of last June to remove the statutory prohibition against the Treasury's paying more than 4-1/4 percent interest on Treasury bonds which are due more than five years after issuance.

The American people have a great deal at stake in this legislation, for failure to remove this interest rate restriction can have many serious consequences, including the forcing of a new upturn in living costs. The Treasury, under this restriction, continually faces the prospect of having to manage the government's $290 billion debt in ways that would unavoidably increase the upward pressures on prices and on the interest rate for the consumer credit so important to millions of our citizens.

Again, I stress the need for prompt removal of this harmful restriction.

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We also owe it to America to provide adequate new revenues for the Highway Trust Fund (as my proposal for a gasoline tax increase would do), so that we may keep our very important highway program on schedule; and fiscal responsibility dictates that we not fail to raise postal rates and thus end the heavy drain on general revenues for postal services which Congress has said by law should be self-sustaining. Our other revenue proposals -- notably, extension of certain excise taxes and an added tax on aviation fuel -- also need to be approved.

Additionally, as I recently emphasized by special message to the Congress, we have compelling reasons to liberalize our immigration law during the course of this session. I remind the Congress, also, that this is World Refugee Year. Our country was one of those sponsoring this move in the United Nations. In harmony with the spirit of this resolution, and in keeping with America's tradition of leadership in humanitarian causes, we should press forward, in this session, with the refugee legislation I have recommended to the Congress.

I add two proposals of special importance to future Presidents of the United States. First is provision of Presidential office space. The Congress has met its own space requirements and those of the Supreme Court. Requirements for modern office facilities for the President, his staff and the news media assigned to the White House are no less necessary and urgent. Second, the need to carry forward Presidential powers to reorganize the Executive Branch is acute, in the interest of efficiency and economy in this huge government. Both of these authorizations are clearly essential. I again urge their approval before this session adjourns.

* * * * *

I refer now to a number of programs of intense interest to millions of our people -- programs intended to initiate or enlarge benefits for various groups or sections of the nation. Such projects require objective analysis and a nicety of decision so that on the one hand there will be no neglect of essential Federal responsibility and on the other hand no surrender to the election-year temptation to overspend and over-reach. Responsibility respecting these will do credit to both parties but, more important, will benefit our people.

A comparison of 1952 and 1961 Federal expenditures shows the pace of the Federal advance in matters of this kind. Likewise it discloses the pressing need for prudence both as regards the level of these expenditures and the extent of Federal involvement in the problems of individual citizens. For labor, welfare and veterans programs, including payments from trust funds, cash payments to individuals were $11.7 billion in 1952. The comparable figure in the 1961 budget is $26.4 billion. Thus there has been a 125% increase in these programs during a period in which the population increased by 16%. This growth in payments far exceeds any increases required to match the 12% rise in living costs during this period.

Among such matters still pending I would mention, first, school construction legislation. Long ago the Administration asked Congress to approve a sound program to help colleges and universities and elementary and secondary schools meet their pressing construction needs. I have stressed that any such Federal assistance should be provided only to meet genuine need, and that it must preserve for the States, local communities and educational institutions their traditional responsibilities for education. The Administration's debt service plan for elementary and secondary schools, and its comparable plan for institutions of higher learning, both before the Congress for over a year, conform to these standards.

more

By these programs we would help to construct 75,000 additional elementary and secondary classrooms at a Federal cost, over the next 20 to 30 years, of $2.2 billion, and at a Federal cost of $500 million we would help build higher education facilities costing in the aggregate some $2 billion. The financing for the initiation of these programs is included in my 1961 budget.

It will be deeply disappointing if the Congress should fail to authorize such programs, and no less disappointing if, instead, programs that basically conflict with these standards should be passed.

Area redevelopment legislation also needs priority attention. I have long urged legislation authorizing loans and technical assistance to help areas afflicted with long-term, substantial unemployment resulting from technological changes. The purpose is to diversify these economies and thereby create new sources of private employment. With important local efforts to provide new jobs already underway, Federal help must be of a kind that strengthens and supplements rather than displaces or discourages those efforts.

I think it is basic that we reject the various schemes that would perpetuate insecurity by making distressed areas dependent upon the uncertainties of continued Federal subsidies, or that would pour Federal dollars into areas where distress has been temporary and which are competent to meet their problems themselves. Moreover, it will injure, not help the chronically affected areas if funds and loan advantages are indiscriminately broadcast to other areas that do not urgently require such assistance.

The only way this difficult problem can be sensibly solved it through healthy government-community cooperation that creates self-sustaining local economies. It cannot be solved by a dispiriting and misplaced benevolence on the part of the distant central government. The people who need this help are hopefully looking for truly constructive action this session. For this purpose I have recommended a Federal program amounting to $53 million, to be expanded for loans and technical assistance.

* * * * *

The Secretary of Health, Education, and Welfare will present this week a new program which will enable older people truly in need of help to meet the calamity of catastrophic illness. This program will take full advantage of, and support, the progress that has been made by private effort; it will recognize the traditional Federal-State relations in various fields of assistance; and, additionally, it will not do violence to the private relationships that must continue to characterize the rendering of health care services.

Behind this program is a meticulous and thoughtful weighing of many alternatives. I believe the Congress will find this proposal of great value to our people most in need of medical protection in their later years. I urge this program in place of compulsory schemes which over a period of years would blight America's unexcelled medical standards and leave unaided large numbers of citizens we are striving to help.

* * * * *

The Fair Labor Standards Act likewise needs attention before these next 60 days elapse.

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For several years I have urged expansion of coverage under this Act to include approximately three million additional wage earners. This is the most urgently needed change in this law, and I hope that the Congress will not fail to provide it.

The Secretary of Labor recently presented the Congress with information indicating that the minimum wage could be increased moderately without disruptive effects upon the economy. On the other hand we should, as responsible officials, stand firmly against an excessive increase which could cause unemployment and severe repercussions in many industries and areas of our country. It is of great importance to the well-being of the American people that we govern our actions in this area by economic facts rather than by political or social prejudice.

Nor, I believe, should we close this session without enacting various long-pending measures, mostly in the field of conservation -- each of them important to all our people, but particularly to our citizens out West.

Among these measures I refer as examples to preservation of our priceless seashore areas, establishment of the Arctic Wildlife Range, permission to western communities to expand into public land areas, research assistance to the coal industry, and the Fryingpan-Arkansas and San Luis projects. Approval of these and similar pending bills will help to round out the program of natural resources development -- now at a record level -- which I presented last January in my Budget Message. We also need a solution of the Indian heirship problem and to give the people of Guam and the Virgin Islands a voice in the Congress.

* * * * *

As a general but most important consideration, I point again to the need of restraint in new authorizations for Federal spending. Our Federal accounts should balance with enough left over for a reasonable payment on the public debt, on which we are already paying for interest alone more than nine billion dollars per year. Proposals now before Congressional Committee would, if approved, raise our annual spending by tens of billions of dollars in 1961 and would disrupt Federal budgets over the next five years by many scores of billions.

For America's sake, we must resist the temptation, this year or any year, to overspend the taxpayer's hard-earned dollars and over-centralize responsibilities in the Federal Government. If we fail in this, we will weaken our hope of ever controlling Federal extravagance and will indefinitely postpone debt retirement and tax relief. At the same time we will debase our currency, invite the resurgence of inflationary forces, undermine local and state responsibility, and thus erode away America's strength at home and in the world. We should avoid preemption of state and local functions and take genuine national need rather than glittering desirability as our guide in Federal expenditures.

Most taxpayers, I believe, are becoming more and more aware of the results of laws that, though sometimes carrying a surface appeal, far too often add unjustifiably to the tax burdens of the individual.

* * * * *

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(OVER)

Finally, I repeat my hope that in the brief span remaining before adjournment the Executive Branch and the 86th Congress can work constructively together in the interest of America and avoid schism and stalemate. The measures I have mentioned, and many others also calling for action this session, must go forward if we are to keep faith with our countrymen. Let us remember, as Congressional deliberations proceed, that both the nation and the world are looking on.

With sound progress as our object, we can accomplish much despite the shortness of time left in this session. Working together responsibly, we shall surely make America a stronger and better nation; and, so working, we shall brighten the cause of freedom and peace everywhere on earth.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,

May 3, 1960.

#####

THREATS TO THE BUDGET

$ Millions

I. Failure to adopt budget proposals	1961	Total or 5-year effect
Aviation fuel tax	$ 89	$ 521
Taxation of cooperatives (H. R. 7875)	0	100
Extension of telephone tax	350	2,162
Extension of excise tax on transportation of persons	105	625
Postal rates (S. 3192)	554	2,770
Forest and public lands highways	39	195
Total	1,137	6,373
II. Unbudgeted proposals to increase expenditures		
Employees pay increase (H. R. 9883)	1,627	8,135
Emergency Home Ownership Act (H. R. 10213)	703	763
School construction (S. 8)	855	1,742
Area assistance (S. 722)	35	474
Youth Conservation Corps (S. 812)	125	1,590
Peacetime ex-servicemen's benefits (S. 1138)	181	1,706
Educational TV grants (S. 12)	10	50
Forand bill (H. R. 4700)	1,100*	5,800*
OASI amendments remove age requirements for disability benefits	238*	1,500*
International health & medical research act (S. J. Res. 41)	50	250
HEW appropriations (H. R. 11390)	98	182
Interior appropriation (H. R. 10401)	27	42
Total	5,049	22,234
III. Unbudgeted proposals to reduce revenues		
Foreign Investment Incentives Tax Act (H. R. 5)	0	400
Foreign tax credits (H. R. 10087)	0	160
Voluntary pension plan (H. R. 10)	365	1,825
Increase in medical expense allowance & exemption for foreign students (Senate amendments to H. R. 9660)	50	250
Income tax deduction for college tuition & fees (Senate amendment to H. R. 6779) (not reported)	200	1,000
Total	615	3,635
Total threats	6,801	32,242

*Chargeable to trust funds

THREATS TO THE BUDGET

	$ Millions	
Other major spending proposals	1961	Total or 5-year effect
Veterans' home loan program (H. R. 9601)	$ 5,040	$ 25,270
World War I pensions (H. R. 9461)	1,800	8,900
Unemployment reinsurance grants (S. 791)	200*	1,000*
Reimbursement to States for road construction (H. R. 6484)	25	1,625
Income tax rebate to State (S. 1776)	2,200	11,000
Food for distressed areas (S. 1322)	40	200
Milk distribution (H. R. 2150)	450	2,250
Student aid act (S. 1087)	5	713
Food stamp plan (S. 2098)	400	2,000
Farm income (H. R. 1301)	7,000	36,500
Old-age pensions (H. R. 77)	14,600	74,800
Community public facilities grants (H. R. 837)	300	4,050
Community facilities & public works (loans) (H. R. 1030)	38	201
Nursing education (H. R. 5048)	40	200
Manganese subsidy (H. R. 5631)	20	100
Nuclear submarines (H. R. 6483)	1,700	4,000
Tax rebate to States for educational assistance (S. 816)	2,000	14,000
Aid for construction of public community colleges (S. 879)	50	250
Social security (reduction in retirement ages to 60) (S. 1186)	2,500*	27,000*
Health educational facilities construction (S. 2170)	50	350
Mass transit financing corporation act (H. R. 10808)	25	450
College housing loans (S. 2950)	0	495
National Health Insurance Act (S. 1056)	6,700	34,200
Reduction in individual & corporation income taxes (H. R. 3000)	2,900	43,600
Total, other proposals	48,083	293,154
Total, threats and other proposals	54,884	325,396

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THREATS TO THE BUDGET (Continued)

	$ Millions	
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*Chargeable to trust funds.

THE WHITE HOUSE
WASHINGTON

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Friday
April 29

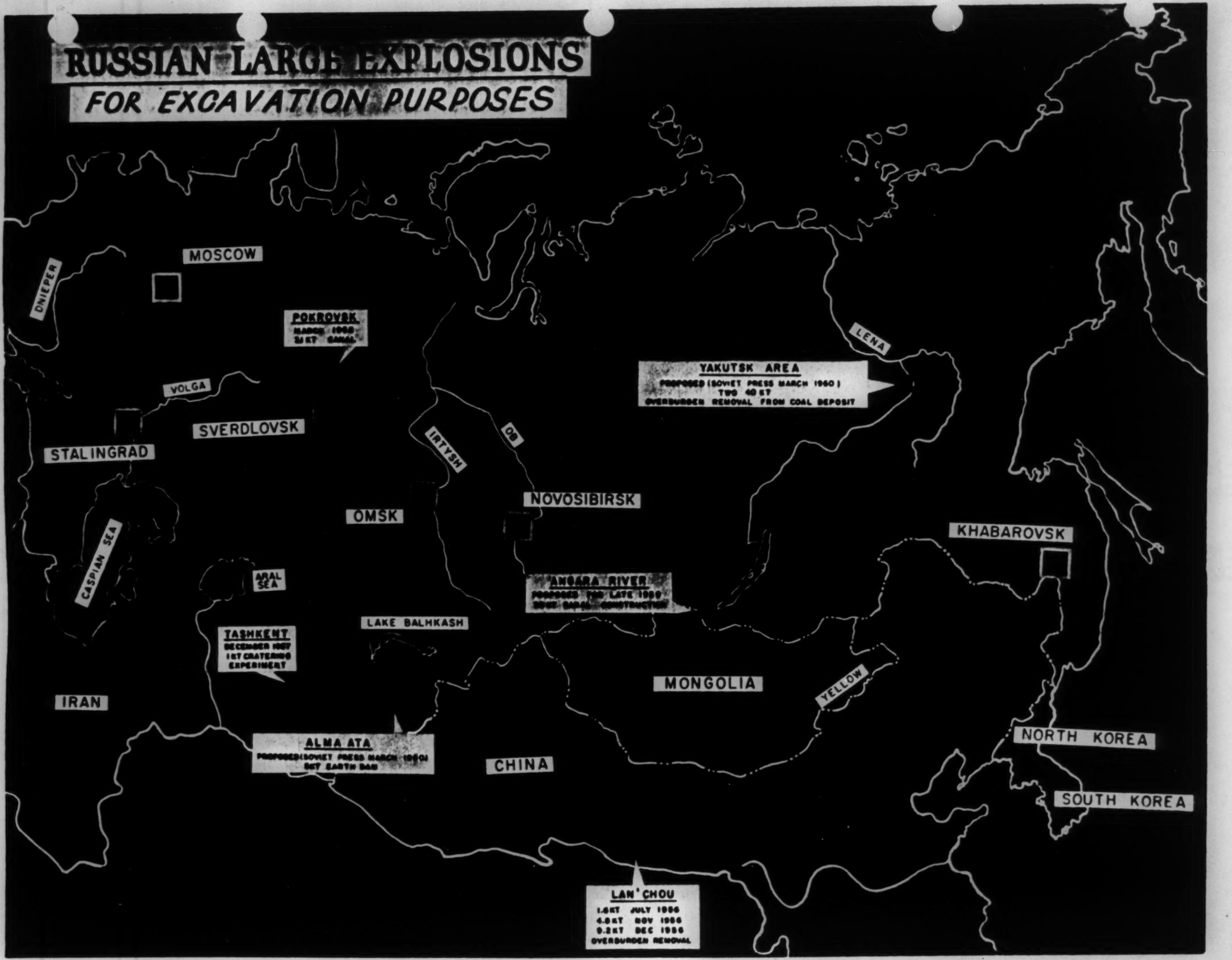
Bryce -

Acting Secretary Loy Henderson asked if I would make a special mention to you of a minor but to him important point in the draft Presidential Message:

At Cabinet this morning, the suggestion was made to include some mention about the Administration's drive to increase exports as an anti-dote to our balance of payments woes. Secretary Henderson is very anxious that if this drive is labelled an effort of any Department (i.e. of Commerce), the text be modified to read "of the Departments of Commerce and State" -- since our FSOs abroad are taking the lead in this.

VISUAL MATERIAL
FOR
PLOWSHARE BRIEFING

RUSSIAN LARGE EXPLOSIONS FOR EXCAVATION PURPOSES



POKROVSK
MARCH 1958
2KT CANAL

TASHKENT
DECEMBER 1957
1KT CRATERING
EXPERIMENT

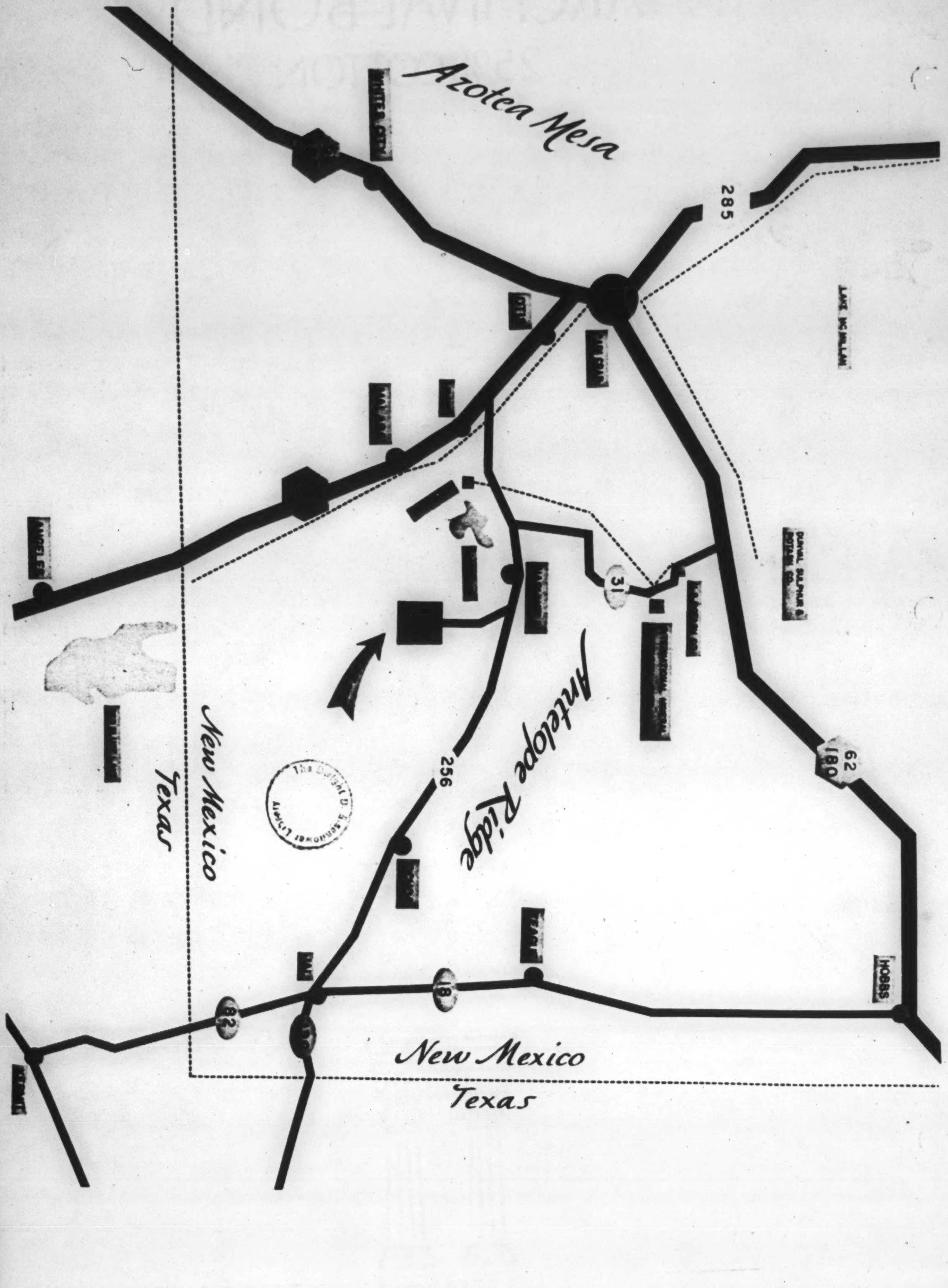
ALMA ATA
PROPOSED(SOVIET PRESS MARCH 1960)
5KT EARTH DAM

ANGARA RIVER
PROPOSED FOR LATE 1960
10KT CANAL CONSTRUCTION

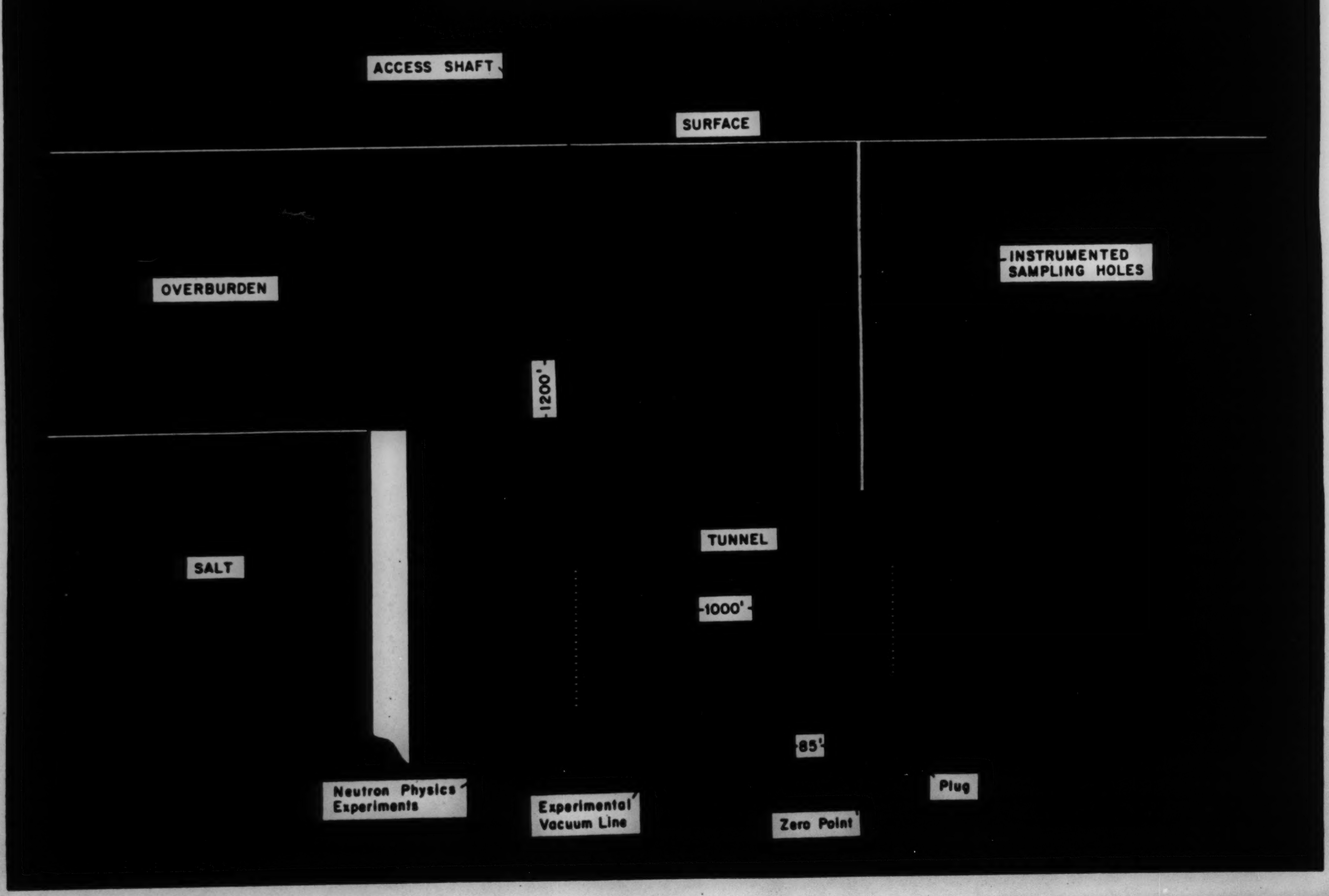
YAKUTSK AREA
PROPOSED (SOVIET PRESS MARCH 1960)
TWO 40 KT
OVERBURDEN REMOVAL FROM COAL DEPOSIT

LAN'CHOU
1.6KT JULY 1956
4.0KT NOV 1956
9.2KT DEC 1956
OVERBURDEN REMOVAL

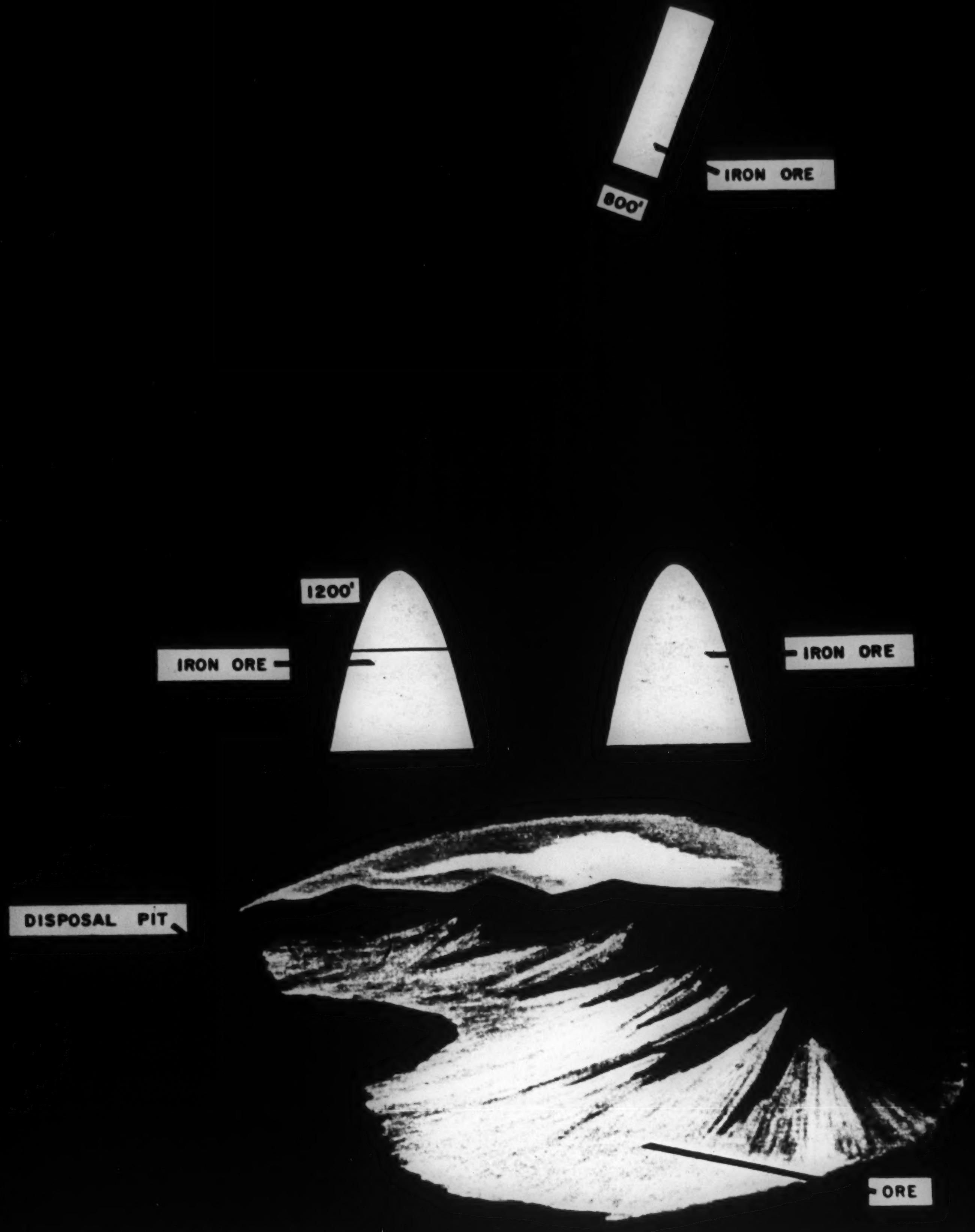
DNIEPER
MOSCOW
VOLGA
SVERDLOVSK
STALINGRAD
CASPIAN SEA
ARAL SEA
OMSK
IRTYSH
OB
NOVOSIBIRSK
LAKE BALHKASH
IRAN
CHINA
MONGOLIA
YELLOW
LENA
KHABAROVSK
NORTH KOREA
SOUTH KOREA


Azotea Mesa
WHITES CITY
285
LAKE McMILLAN
DUVAL SULPHUR & POTASH CO.
Antelope Ridge
256
31
62
180
HOBBS
18
82
180
New Mexico
Texas
New Mexico
Texas

GNOME LAYOUT


ACCESS SHAFT
SURFACE
INSTRUMENTED SAMPLING HOLES
OVERBURDEN
1200'
SALT
TUNNEL
1000'
85'
Neutron Physics Experiments
Experimental Vacuum Line
Zero Point
Plug

STRIP MINING


IRON ORE
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IRON ORE
DISPOSAL PIT
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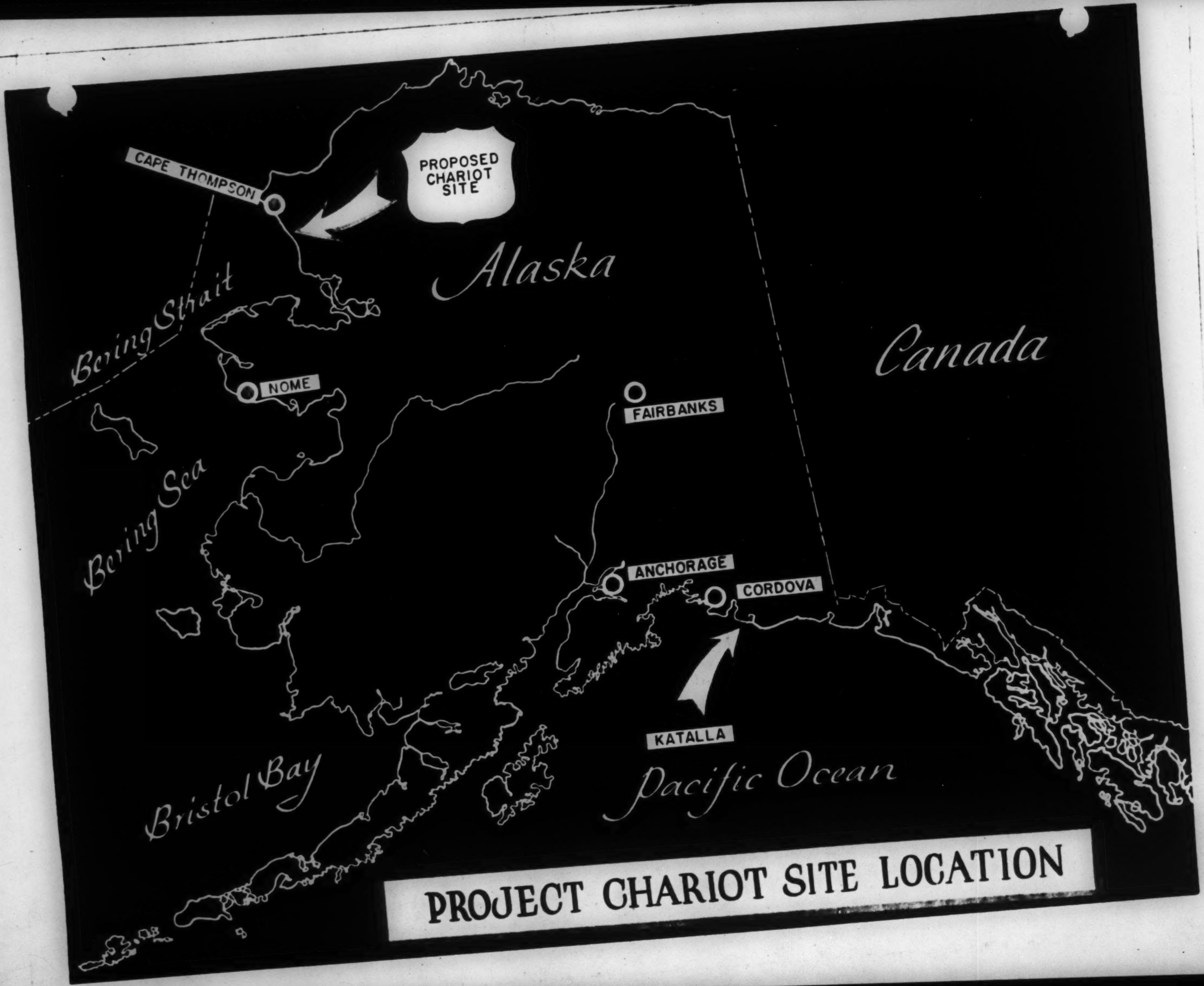
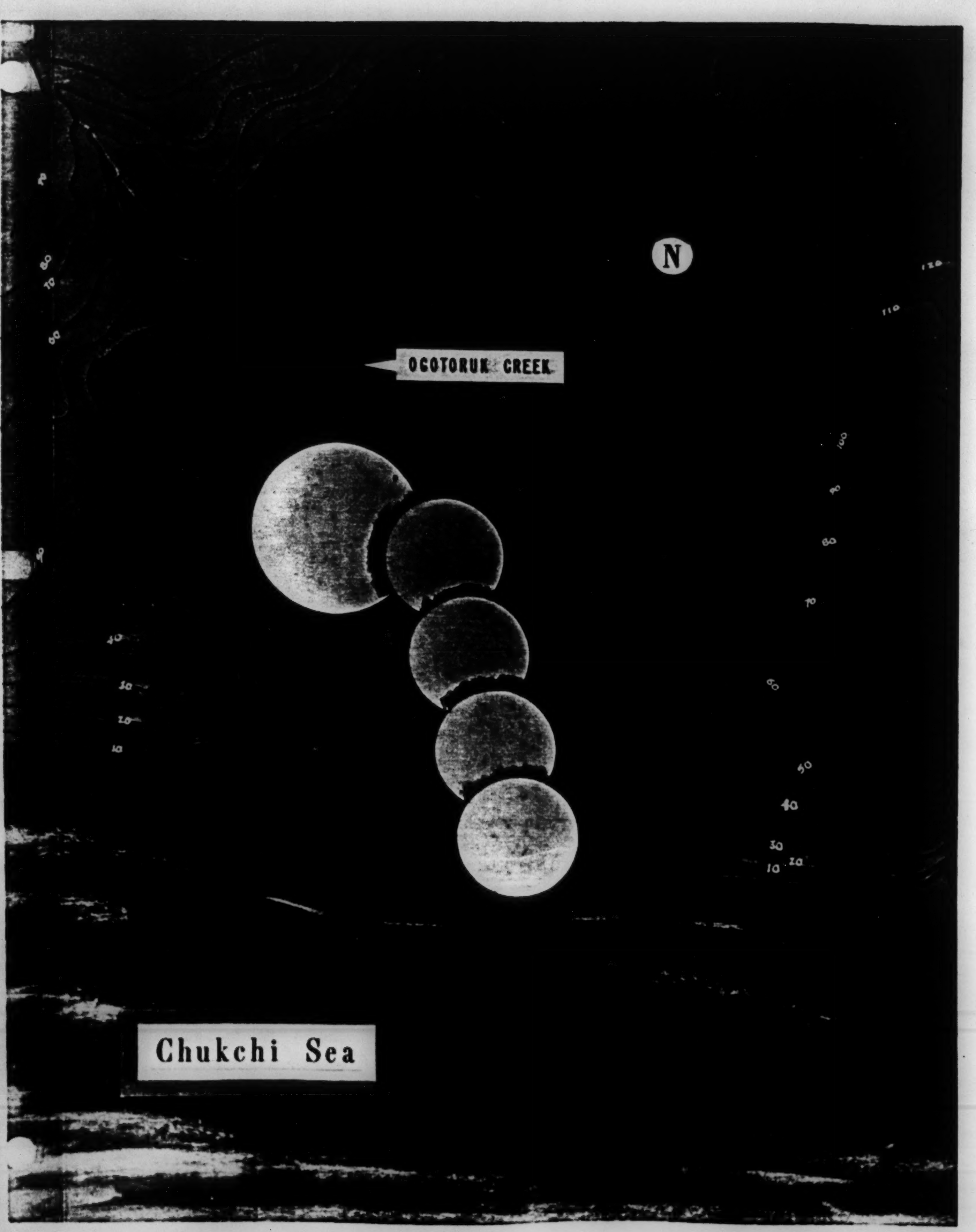

CAPE THOMPSON
PROPOSED CHARIOT SITE
Alaska
Bering Strait
NOME
Canada
FAIRBANKS
Bering Sea
ANCHORAGE
CORDOVA
KATALLA
Bristol Bay
Pacific Ocean
PROJECT CHARIOT SITE LOCATION


N
OGOTORUK CREEK
Chukchi Sea
120
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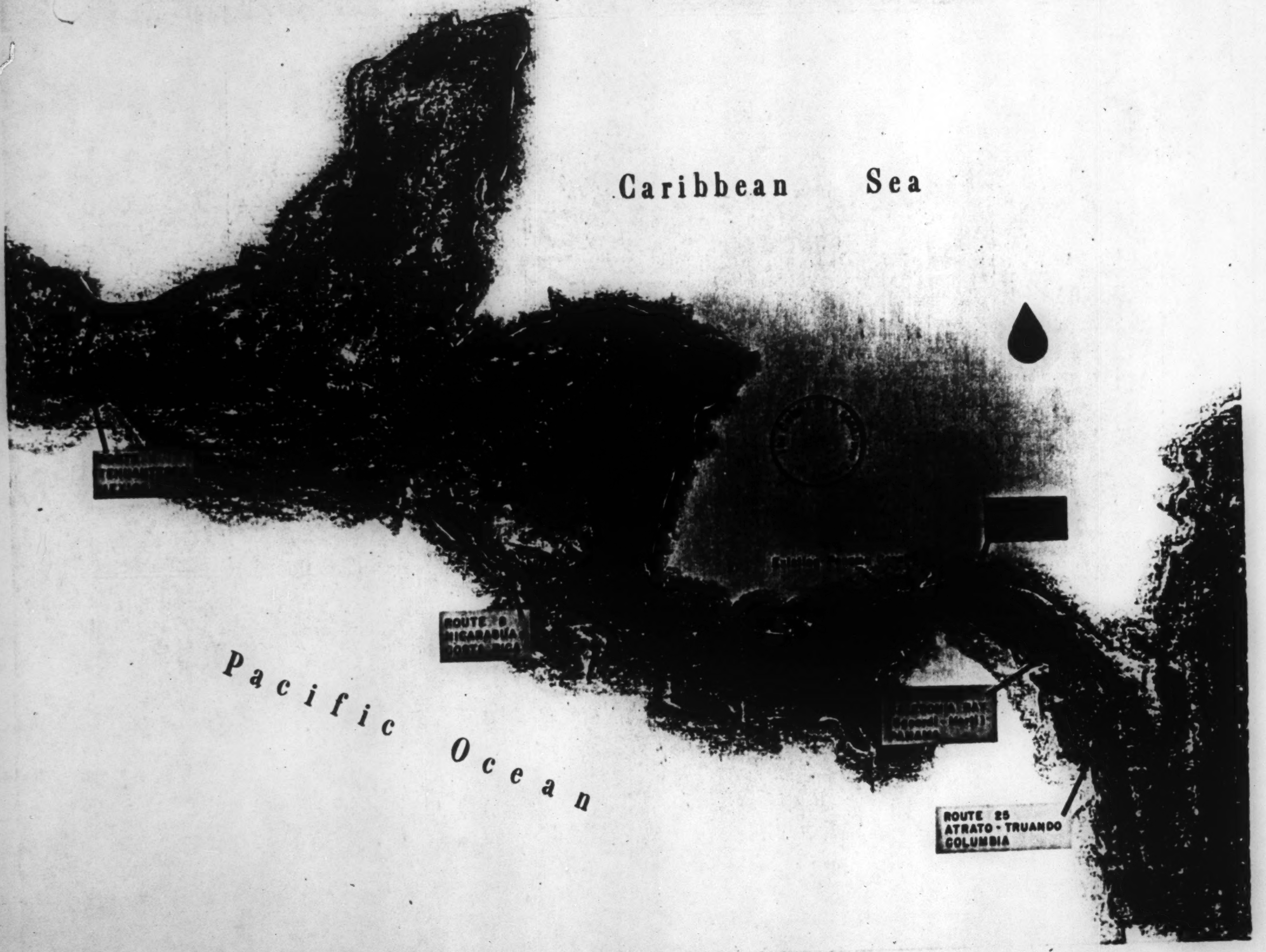
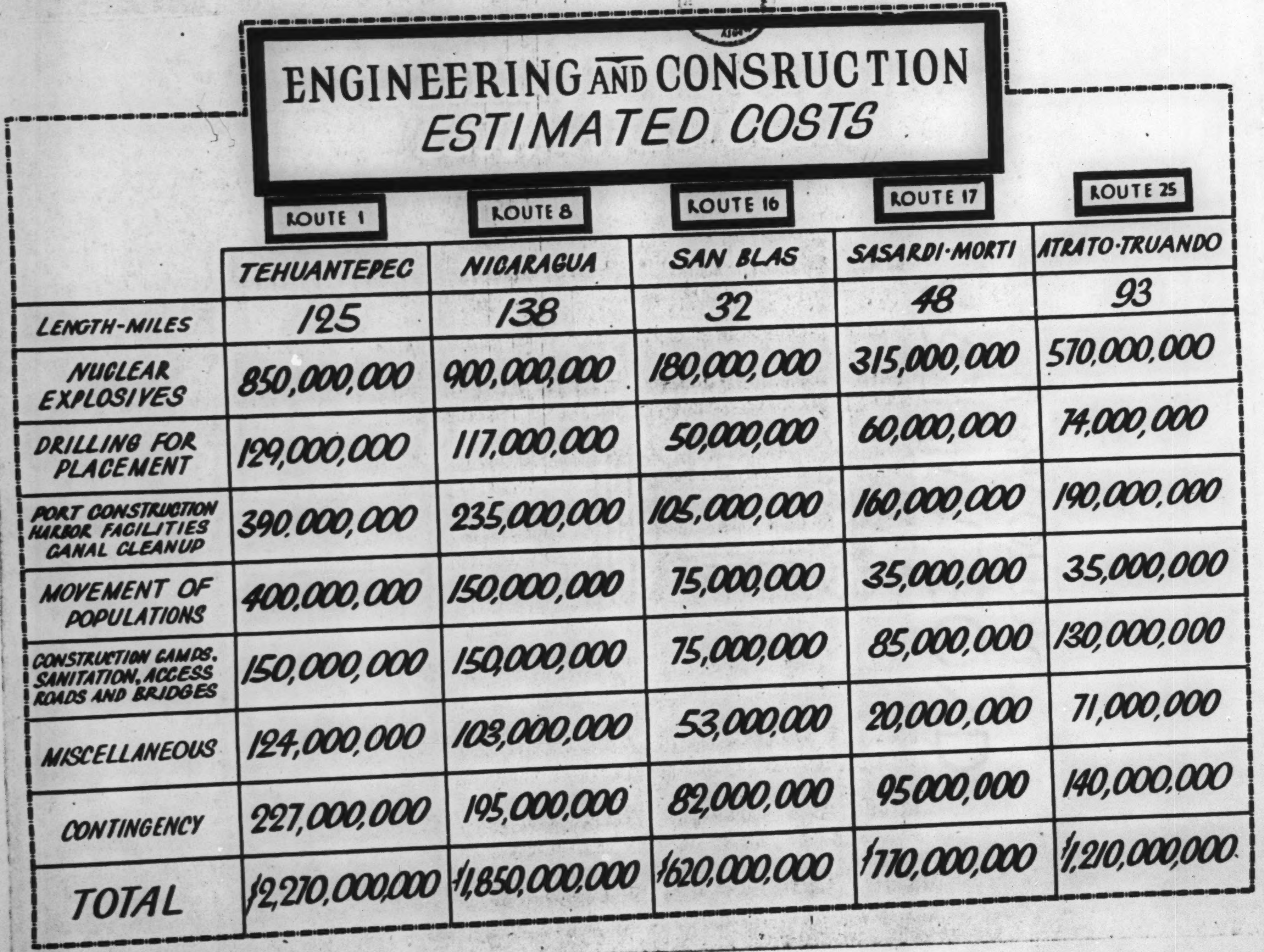
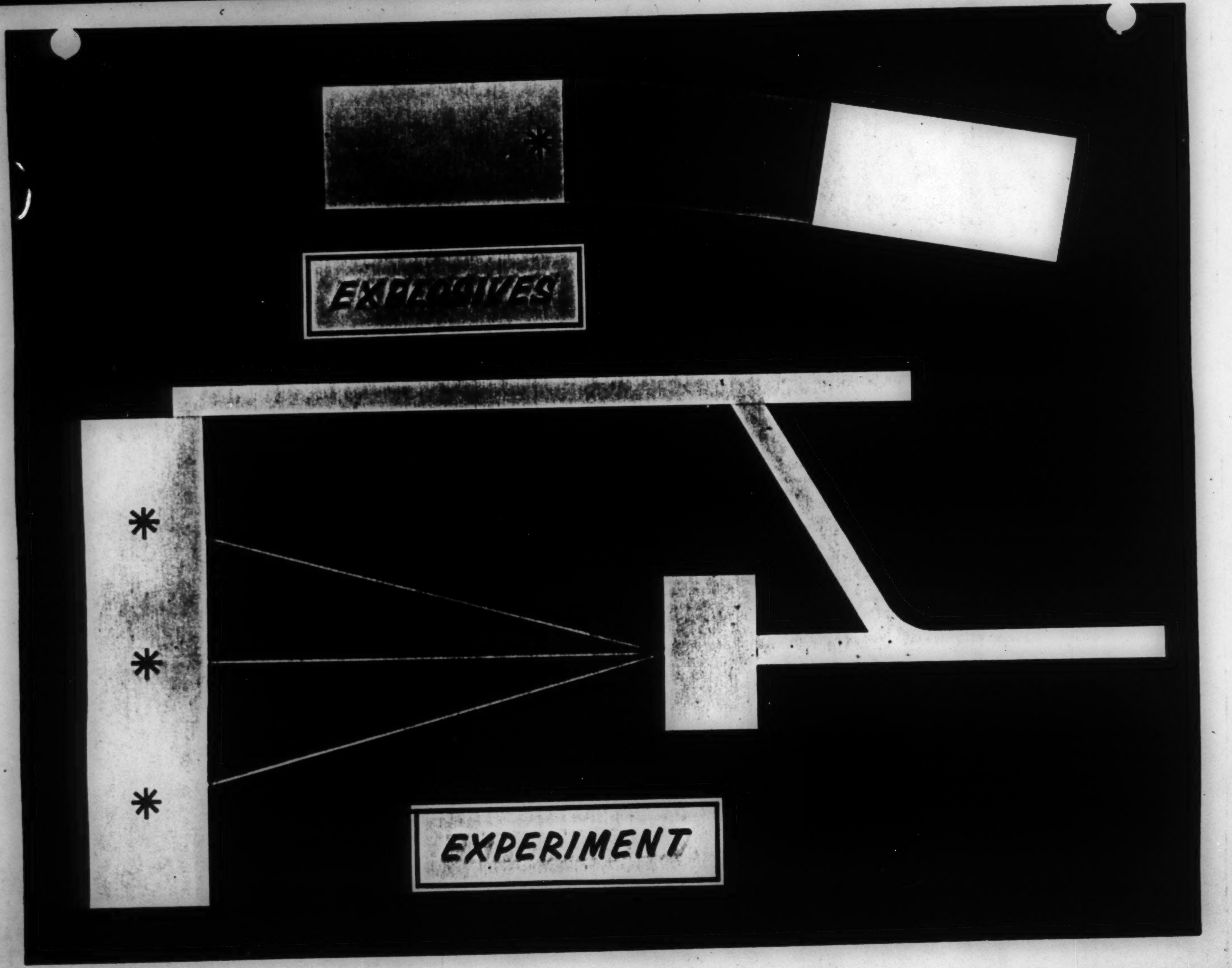

Caribbean Sea
Pacific Ocean
ROUTE 8
NICARAGUA
COSTA RICA
ROUTE 25
ATRATO - TRUANDO
COLUMBIA

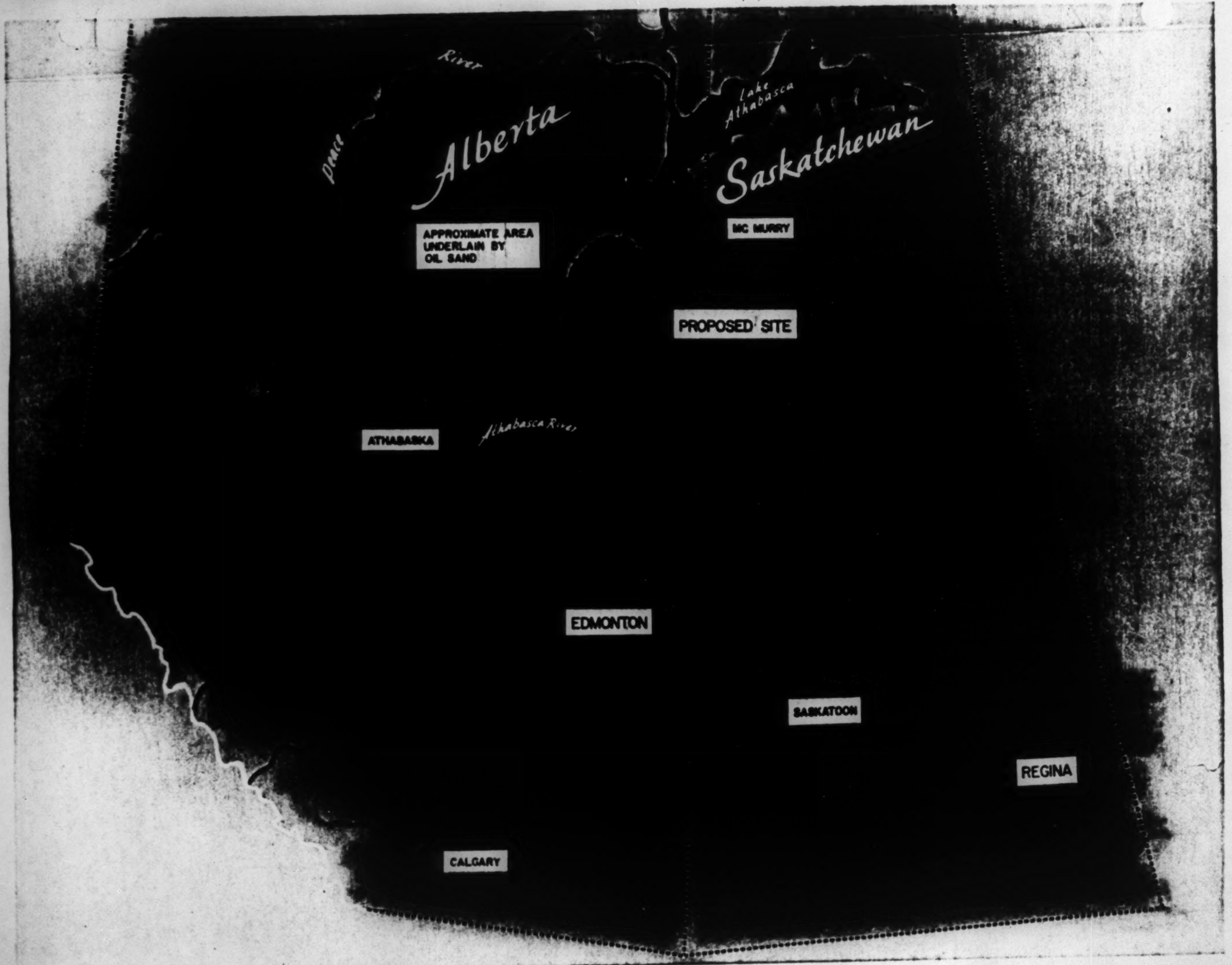
[redacted]

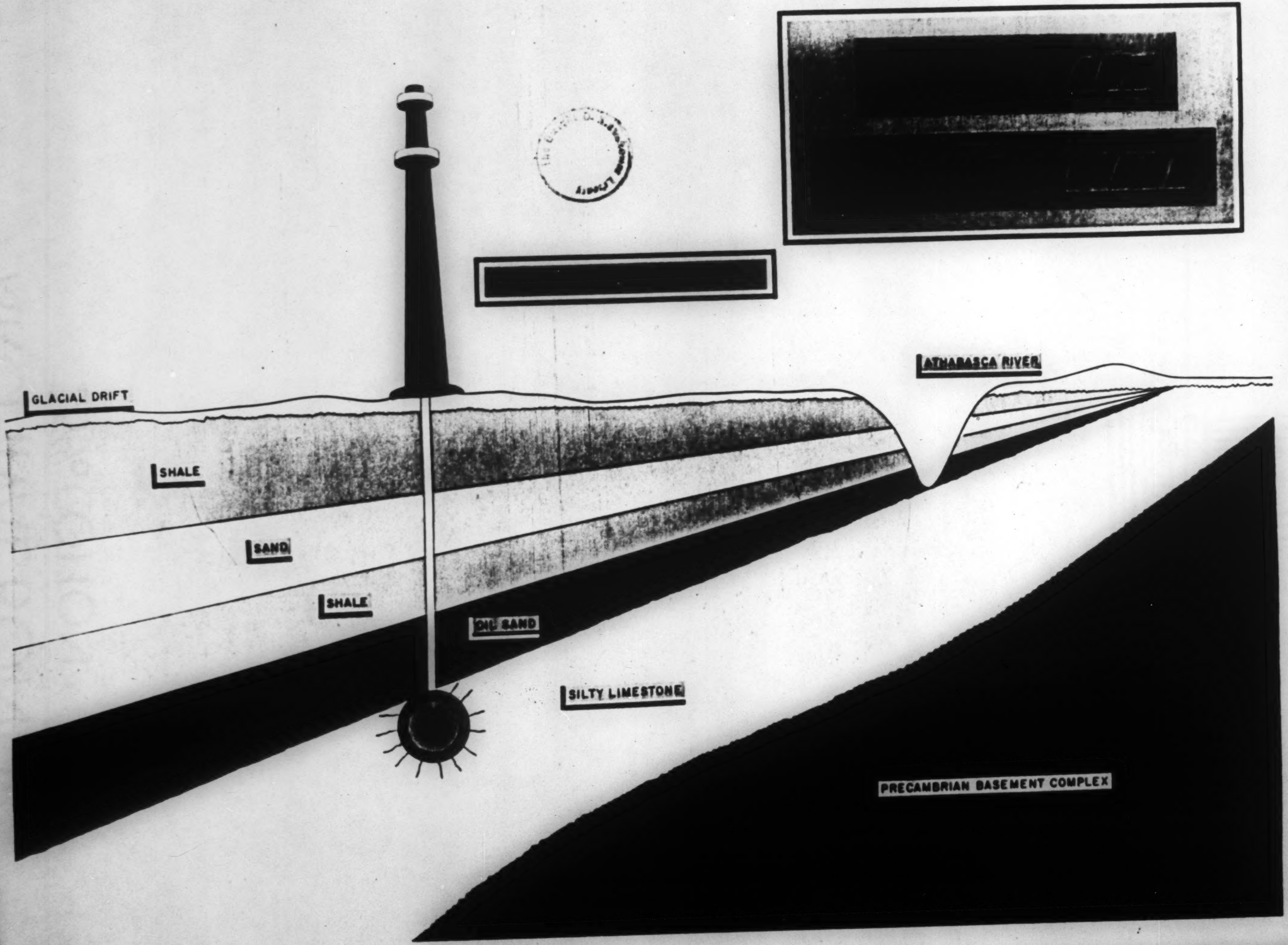


ENGINEERING AND CONSRUCTION ESTIMATED COSTS

	ROUTE 1 TEHUANTEPEC	ROUTE 8 NICARAGUA	ROUTE 16 SAN BLAS	ROUTE 17 SASARDI-MORTI	ROUTE 25 ATRATO-TRUANDO
LENGTH-MILES	125	138	32	48	93
NUCLEAR EXPLOSIVES	850,000,000	900,000,000	180,000,000	315,000,000	570,000,000
DRILLING FOR PLACEMENT	129,000,000	117,000,000	50,000,000	60,000,000	74,000,000
PORT CONSTRUCTION HARBOR FACILITIES CANAL CLEANUP	390,000,000	235,000,000	105,000,000	160,000,000	190,000,000
MOVEMENT OF POPULATIONS	400,000,000	150,000,000	75,000,000	35,000,000	35,000,000
CONSTRUCTION CAMPS. SANITATION, ACCESS ROADS AND BRIDGES	150,000,000	150,000,000	75,000,000	85,000,000	130,000,000
MISCELLANEOUS	124,000,000	103,000,000	53,000,000	20,000,000	71,000,000
CONTINGENCY	227,000,000	195,000,000	82,000,000	95000,000	140,000,000
TOTAL	$2,270,000,000	$1,850,000,000	$620,000,000	$770,000,000	$1,210,000,000.

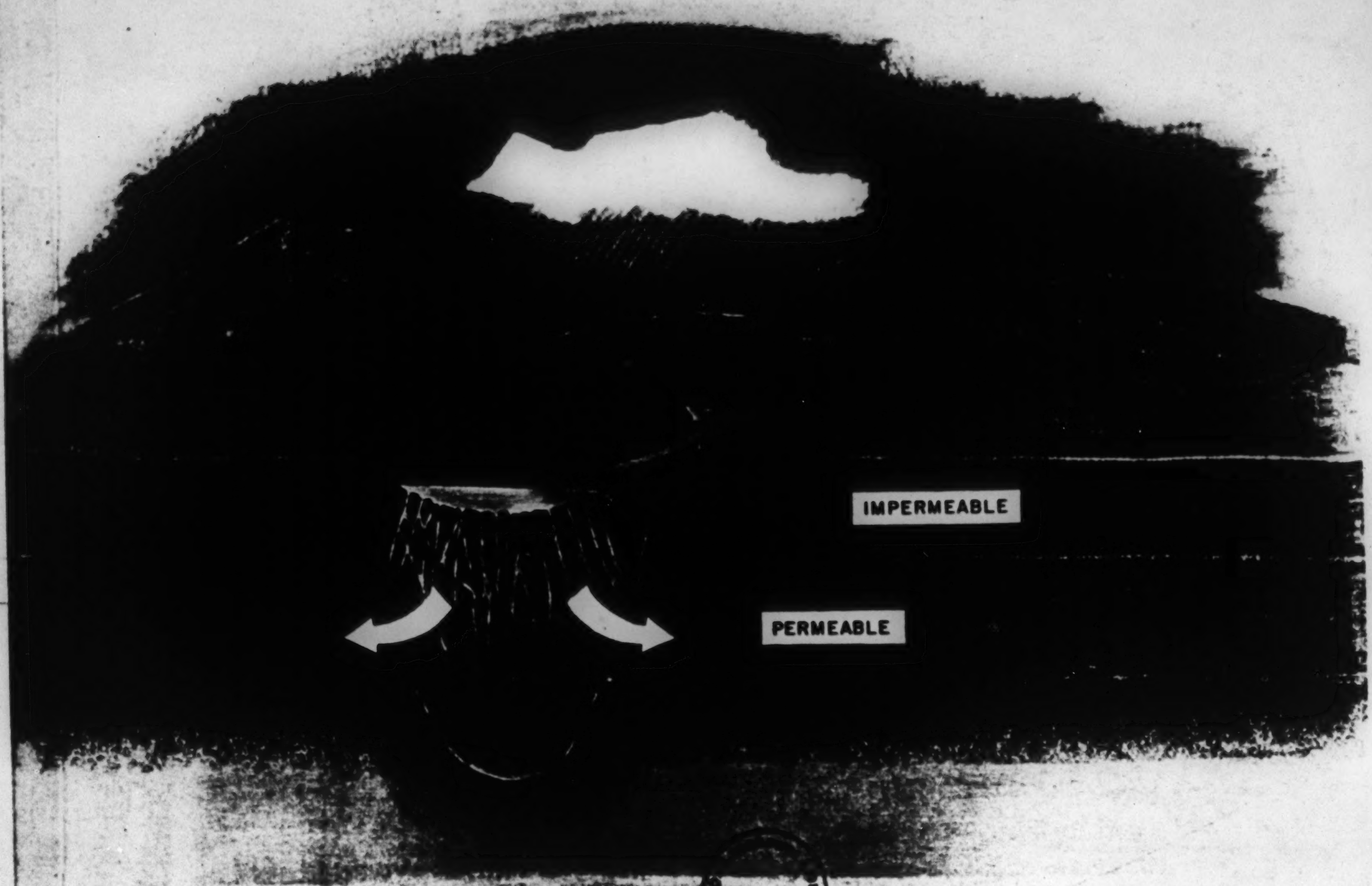

EXPLOSIVES
EXPERIMENT

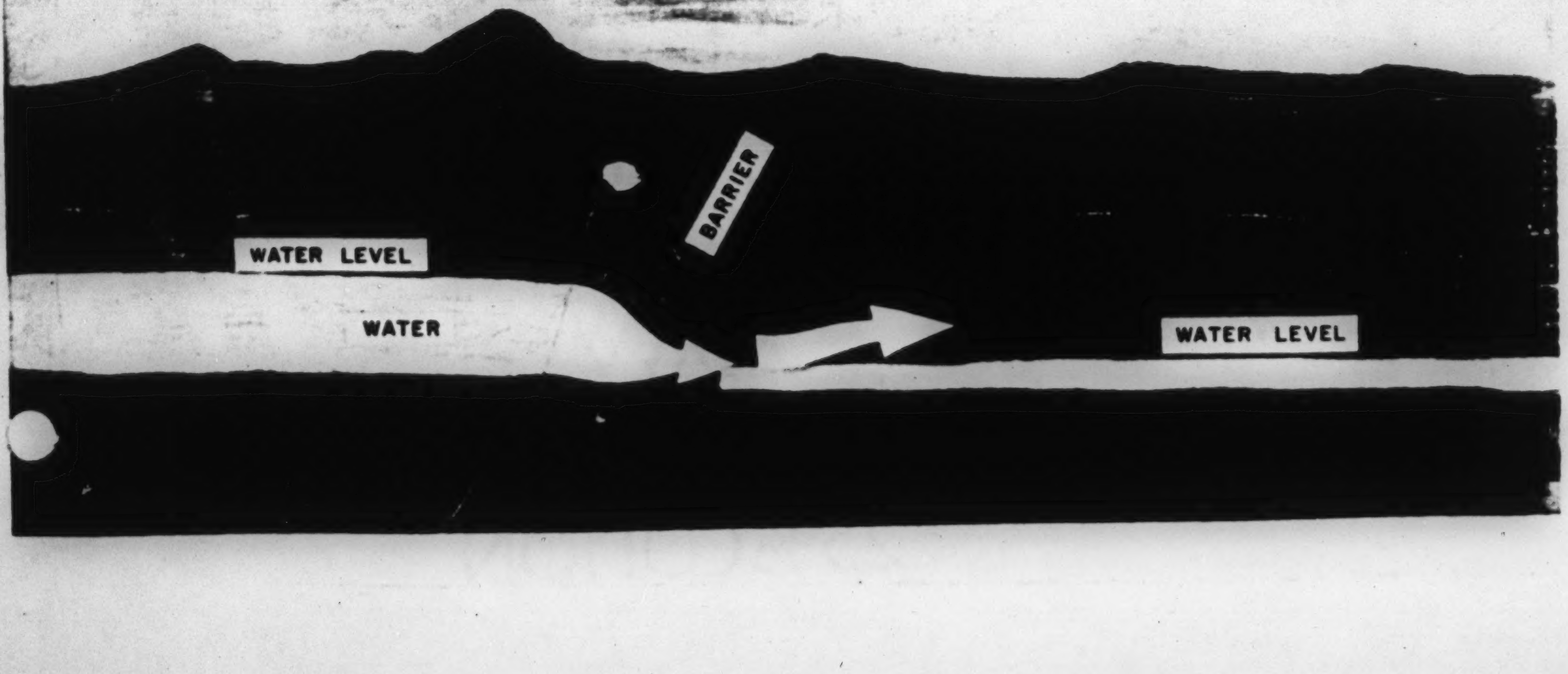

Peace River
Alberta
Lake Athabasca
Saskatchewan
APPROXIMATE AREA UNDERLAIN BY OIL SAND
MC MURRY
PROPOSED SITE
ATHABASKA
Athabasca River
EDMONTON
SASKATOON
REGINA
CALGARY


GLACIAL DRIFT
SHALE
SAND
SHALE
OIL SAND
SILTY LIMESTONE
ATHABASCA RIVER
PRECAMBRIAN BASEMENT COMPLEX

Library

WATER RESOURCES


IMPERMEABLE
PERMEABLE


BARRIER
WATER LEVEL
WATER
WATER LEVEL

THE WHITE HOUSE
WASHINGTON

5/19/60

Brad Patterson:

Per our conversation, we are preparing a draft reply.

David Z. Beckler

[illegible]LY

UNIVERSITY OF CALIFORNIA

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LAWRENCE RADIATION LABORATORY
P. O. BOX 808
LIVERMORE, CALIFORNIA

May 11, 1960

MAY 1[illegible] [illegible] 25 AM '60

The President
The White House
Washington 25, D. C.

My dear Mr. President:

This is to express my deepest appreciation for the opportunity to talk to you and to the Cabinet about our Plowshare program. The fact of your interest is most encouraging to the Livermore Laboratory and to myself.

Among the various specific Plowshare projects the sea-level Trans-Isthmian Canal is the most ambitious of those already in view. It also appears to us that its technical feasibility is assured. At the same time I would like to re-emphasize that an orderly development culminating in a new sea-level Trans-Isthmian Canal should include two preparatory steps:

1. The development of nuclear explosives such as envisaged in our Ditchdigger proposal.

   The combination of reduced fission designs which already exist, with quite deep burial of the explosive, can reduce the radioactivity released to the atmosphere by a factor of one thousand. However, further developments in this direction, such as Ditchdigger, would greatly decrease emotional objections which otherwise might still be raised. In particular, if we proceed with the Mexican proposal at Tehuantepec, radioactivity may become an important issue. If we use the explosives available to us at the present time, we would have to spend several hundred million dollars on moving people out of controlled areas. This gives the correct impression that safety considerations will affect many people. In case Ditchdigger is used, the number of people affected will be considerably fewer. What is more important---none of them need worry about radioactivity at all.

2. A trial run on a reasonably large scale.

   It is best to carry out such a trial run within the United States and in a region which has little population. Our Chariot

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plan to dig a harbor in northern Alaska consisting of a short channel and a turn-around basin would be a most suitable preparation for a Trans-Isthmian Canal.

I have no doubt that Plowshare will ultimately become one of the most important applications of nuclear energy. If we are permitted to go ahead with some of the plans which we have presented to you, I expect that Plowshare will become the earliest large-scale economic use of the energy of the nucleus.

Yours respectfully,

Edward Teller

Edward Teller

ET:gg

cc: Mr. John A. McCone, Chairman
U. S. Atomic Energy Commission
Washington 25, D. C.

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1-
Substance of
Cabinet presentation
4/29/60

UCRL 5840

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UNIVERSITY OF
CALIFORNIA

Ernest O. Lawrence
Radiation
Laboratory

INDUSTRIAL AND SCIENTIFIC APPLICATIONS OF NUCLEAR EXPLOSIONS

LIVERMORE SITE

UCRL-5840
Nuclear Explosions-Peaceful Applications UC-35
TID-4500 (15th Ed.)

UNIVERSITY OF CALIFORNIA
Lawrence Radiation Laboratory
Livermore, California

Contract No. W-7405-eng-48

INDUSTRIAL AND SCIENTIFIC APPLICATIONS OF NUCLEAR EXPLOSIONS

Gerald W. Johnson

January 19, 1960

[illegible] Library

Printed for the U.S. Atomic Energy Commission

Industrial and Scientific Applications of Nuclear Explosions*

Gerald W. Johnson

Lawrence Radiation Laboratory, University of California

Livermore, California

In the course of the nuclear weapons development and test program of the Atomic Energy Commission (AEC) and Department of Defense over the last fifteen years, there has been developed a large background of understanding of the phenomenology of nuclear explosions, of the design of nuclear and thermonuclear explosives, and of the operational procedures to safely detonate explosives of large magnitude.

Stemming from the program in recent years have been the successful development of fusion explosions and the demonstrated feasibility of producing such explosions with small fission contributions. These two steps are extremely significant in speculating about the possible constructive uses of nuclear explosives because (1) the fusion fuels are extremely abundant and cheap; and (2) the fusion reaction leads to non-radioactive products and the induced activity can be limited by the use of appropriate absorbing blankets.

In principle, the major problems in application arise from the fission contribution to the energy because the products of this reaction are inherently radioactive; however, in many situations considered, even for purely fission explosions the release of radioactivity to the biosphere can be adequately

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* This work was done under the auspices of the U.S. Atomic Energy Commission.

controlled. The technical advances in explosives design, coupled with the large amount of operational field experience in detonating such explosions, have directed attention to the study of possible non-military projects. To this end the Plowshare Program was established at the Lawrence Radiation Laboratory by the AEC in 1957, to explore the feasibility of potential industrial and scientific uses of nuclear and thermonuclear explosives.

The objectives of the program are:

1. The development through experimental and theoretical approaches of the understanding of the basic phenomenology of nuclear and thermonuclear explosions in various environments.

2. The exploration of possible industrial and scientific applications of such explosions.

3. The planning and execution of field experiments to gather additional data, to conduct scientific experiments, and to demonstrate industrial potentialities.

4. The design, development, and test of special explosives appropriate to any desired use. The broad general goals of such a program are to reduce the cost and the radioactivity production of the explosives; however, an additional goal might be the construction of a system for a special purpose, such as isotope production.

An important consideration, of course, in deciding whether nuclear explosives can be afforded for any specific use depends on their costs and the expenses associated with firing them. As a guide the AEC published charges that would be appropriate to providing an explosive and the service of firing for various energy releases. The charges were $500 000 for kiloton (kt) range, $750 000 for tens of kiloton range, and $1 000 000 for megaton (Mt) range explosives. To get total costs of experiments, of course, one must add the construction, operational, and scientific costs. A good illustration of such total costs, including the AEC charges for an explosive, is the Gnome project to be described later, where the total cost will be about $4 000 000. Thus for 10-kt explosions fully instrumented and at a depth to assure containment of radioactivity, total costs up to $5 000 000 might be anticipated.

Information derived from a series of underground nuclear detonations in Nevada has provided a basis for development of theory and for suggesting several possible uses. Some of the explosions were at such shallow depths that craters were produced, which led to the consideration of large-scale excavation projects using nuclear explosions. The other explosions were at various depths beneath the surface, extending from those depths at which only a small fraction of the radioactivity was released to the atmosphere, to those at which no detectable radioactivity was released to the atmosphere. It is the analysis of the effects of these explosions that has led to the preparation and study of several proposals for the next experiments. Three of the experiments are in an advanced state of planning and, hopefully, will be the first three to be conducted. The others are in varying degrees of preparation.

In the following table are listed the nuclear detonations which have been most extensively studied and provide the basis for our discussion. It is important to note that all of these explosions were conducted either as tests of new weapons designs or principles, or for collection of data on military effects. None of the explosions were conducted under the auspices of the Plowshare Program. The first completely contained underground nuclear explosion (code-named Rainier) of September 19, 1957, the study of which provides most of our understanding of such explosions, was conducted to develop a method of nuclear weapons testing which would not release radioactivity to the atmosphere.

TABLE I

Major features of underground nuclear explosions.

Event (and date)	Yield, W (kt)	Medium	Depth, D (feet)	Scaled depth, D/W$^{1/3}$	Measured radioactivity deposited on surface (%)	Crater volume (yd^3)	Crater volume/kt (yd^3)
Jangle-S (11-19-51)	1.2±0.1	Alluvium	-3.5*	-3.3*	>65	1 650	1 400
Jangle-U (11-29-51)	1.2±0.1	"	17	16	>80	37 000	31 000
Teapot-Ess (3-23-55)	1.2±0.1	"	67	63	90	96 000	80 000
Neptune (10-14-58)	0.090±.020	Bedded tuff	99	220	1-2	33 000	370 000**
Blanca (10-30-58)	19.0±1.5	" "	835	310	<0.5	0	0
Logan (10-15-58)	$5.0^{+0.2}_{-0.4}$	" "	830	485	0	0	0
Rainier (9-19-57)	1.7±0.1	" "	790	670	0	0	0
Tamalpais (10-8-58)	0.072±.010	" "	330	780	0+	0	0
Evans (10-28-58)	0.055±.030	" "	840	2200	0++	0	0

*3.5 feet above surface.

**This explosion took place in bedded tuff under a sloping surface 1:3; therefore, the crater is probably larger than would be expected on a level surface.

+No breakthrough to surface but radioactive gases in large quantities leaked into the tunnel.

++No breakthrough to surface but stemming failed, releasing gross fission activity into the tunnel.

The experiment was completely successful and the succeeding underground explosions were part of a development series.

Through extensive drilling, logging, and mining operations the general results of the explosions have been evaluated. A theoretical model has been successfully developed which when set up on the high-speed computers seems to give the proper distributions of energy and correct magnitudes of the mechanical effects. It is convenient to describe the phenomenology in four stages characterized by very different time scales, and the Rainier explosion will be used as an example.

1. Nuclear Reaction (Microsecond Range)

The total energy of the reaction is released in less than 1 microsecond. In the case of the Rainier explosion which had an energy release of 1.7 kiloton (7.2×10^{19} ergs) and took place in a room 6 × 6 × 7 ft containing about one ton of material, after a few microseconds the pressure in the room was 7 000 000 atmospheres and the temperature about 1 000 000°K. Accompanying the large energy release was a burst of neutrons amounting to 2×10^{23}/kiloton of fission energy.

2. Hydrodynamic Phase (Millisecond Range)

Under the influence of the high pressure the room expanded in a few tens of milliseconds to a spherical cavity 125 ft in diameter. The rate of growth of the cavity for Rainier as computed by Nuckolls* is shown in Fig. 1. At this time the cavity is lined with a shell of melted rock about 4 inches thick which amounts to an estimated 800 tons of material. The temperature and pressure are 1200-1500°C and 40-50 atmospheres, respectively. The shock proceeds outward crushing the rock to a radius of 130 ft and becomes elastic at 280 ft. Beyond that point the elastic wave proceeds until attenuated. For a sufficiently large explosion (~ 20 kt at the Nevada site) the seismic signal can be detected readily at several thousand miles. The shock strength as a function of radial distance is shown in Fig. 2. The calculated partition of energy at this time is shown in Table II.

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*The data shown in Fig. 2 and Table II were also computed by John H. Nuckolls of this laboratory.

TABLE II

Partition of energy in Rainier Event.

State	Radii (ft)	Percentage of prompt energy
Gas	0-62	8.2
Liquid	62-62-1/4	19.1
Crushed	62 1/4-130	47.0
Fractured	130-280	21.2
Elastic	280	4.5

3. Quasi-Static Phase (Seconds-Minutes)

The cavity persists for seconds to minutes during which time melted material flows down the sides and drips from the overhead. This stage ends when the roof collapses, at which time, due to rapid expansion of the gas and dilution by cold material falling in, the temperature drops rapidly. The melted rock freezes to a glassy material and collects in a bowl-shaped zone toward the bottom of the cavity. The glass contains 65 to 80% of the gross fission-product activity. The remainder is distributed through the collapsed zone.

Because of the presence of a large amount of water (the rock contains 15-20% water by weight) and the existence of a large permeable zone, the temperature of the hot rock was rapidly reduced to the boiling point of water.

4. Longer-Term Phase (Minutes-∞)

Successive collapse of the cavity vertically, slow thermal diffusion, and radiation decay continues. For Rainier the vertical collapse proceeded upward about 400 ft and then apparently stopped. The temperature distribution measured five months after detonation is shown in Fig. 3.

Detailed geological mapping by coring and mining of the collapsed zone revealed the general structure shown in Fig. 4. The features of interest are the radioactive zone shown at the bottom, the collapsed zone extending from the chimney, and the fracture boundary about 65 ft below the point of detonation to about 400 ft above it. The natural bedding of the tuffs permitted ready visualization of the movement of material into the collapsed cavity. In progressing at about the level of detonation inside the radioactive shell across the collapsed cavity, the rocks grade from a few inches in diameter just inside the shell to several feet in diameter at the center. The boundaries between the rocks were filled with a fine dust which one year after explosion has recemented. A tunnel was driven across the chimney at 100 ft above the point of detonation. This exploration revealed a fractured zone about 10 ft wide at a radius of 75 ft from the vertical axis through the point of detonation. The material within this zone was a very fine rock dust.

In considering all the explosions, the following generalizations are possible for tuff. Extending them to other media must be done with caution.

1. The radioactivity of nuclear explosions in the kiloton range in tuff can be completely contained underground at depths of $D = 400\ W^{1/3}$ ft or greater, where W is the energy release in kilotons.

2. The initial cavity formed by the explosion has a radius of $R = 50\ W^{1/3}$ ft.

3. Initially melted rock, which is converted to glass on cooling, amounts to 500 ± 150 tons per kiloton of energy release.

4. The collapse of the cavity produces a zone of about 70 000 yds^3/kt (120 000 tons/kt) of broken permeable material.

5. The major portion (65-80%) of the gross fission-product activity is in dilute (1 part per 10 million) solution in glass. The remainder (20-35%) is distributed throughout the collapsed zone of the chimney and is deposited on the surface of the broken material.

6. About 30% of the total energy release of the explosion is initially deposited in steam and hot rock at a temperature in excess of 1200°C. The temperature rapidly degrades to the boiling point of water. One year after the Rainier explosion this energy resided within a volume whose radius was less than 80 ft.

One of the striking results of the Rainier study was the fact that such a large fraction (30%) of the total energy was initially deposited in hot debris (>1200°C). Due to the pressure of large quantities of water, the temperature was rapidly degraded, but what would have been the result in a dry medium? Perhaps the energy could be stored at high temperature long enough to permit recovery, and since the thermonuclear reaction can be made to proceed in explosions, perhaps there would be a chance of recovering energy for power. These observations soon led to the consideration of an explosion in a large natural salt formation which normally is dry (less than 1% water). With more detailed thinking and planning an experiment has been designed, referred to as Gnome, in which it is proposed to fire a 10-kt all-fission explosion at a depth of 1200 ft in a massive salt bed near Carlsbad, New Mexico. The general arrangement shown in Fig. 5 includes a 1200-ft vertical access shaft which is joined at the bottom to a 1000-ft tunnel. The tunnel is terminated in a hook (similar to that used for the Rainier explosion) designed to be self-sealing as far as release of radioactivity to the shaft is concerned.

The basic objectives of the experiment are:

1. To explore the feasibility of converting nuclear explosive energy into sensible and latent heat which will be available as required for the production of electric power.

2. To investigate the feasibility of recovering from natural salt useful isotopes which can be produced by nuclear explosives. The chemical and physical behavior of a large number of elemental species will be studied with no specific attempt to produce useful isotopes.

3. To extend the data on the characteristics of an underground nuclear explosion to a new medium (natural salt) having physical properties in marked contrast to the only medium (volcanic tuff) for which such data are presently available.

4. To conduct several basic neutron-physics experiments (which will be described later).

The experiment is completely designed and, if appropriate authorizations are obtained consistent with the operating schedule, the experiment can be conducted in late 1960 or early 1961.

The Richfield Oil Company, in association with other oil companies and in cooperation with the AEC, has developed an experiment (Project Oil Sand) directed toward releasing oil from the Athabaska tar sands deposit in the province of Alberta, Canada.

These deposits are estimated to contain a quantity of oil approximately equal to the world's proven reserves. Due to the high viscosity of the oil and the approximately 1000 ft of overburden, all attempts to extract the oil from the formation economically have failed. Heating the tar sand to 100°C lowers the viscosity of the oil sufficiently so that it may be possible to pump the oil from the sand. It is proposed to conduct an experiment by detonating a 9-kt nuclear explosive immediately beneath the tar sand formation and use the energy to heat the adjacent tar sand and fracture the interbedded layers of shale, thereby permitting the study of the problems of recovery of the trapped oil. In addition to the direct heating mechanism some oil also may be rendered recoverable by shock heating. Furthermore, the possibility of further recovery by secondary processes can be examined. The geology and proposed placement of the explosives is shown in Fig. 6.

The principal objectives of Project Oil Sand are to gain knowledge that could aid in the economic recovery of oil from the Athabaska tar sand formation through the use of nuclear explosives. The planned detonation, approximately 20 ft below the base of the tar sand formation, will produce a cavity about 250 ft in diameter which will subsequently collapse. When collapse occurs the fractured tar sand and shale formation will tumble into the cavity and be heated by the energy which was deposited locally by the explosion. In Fig. 7 is shown an overlay of the geologically mapped Rainier collapsed zone and the measured temperature distribution. With this input it has been estimated that up to 100 000 barrels of oil might be recoverable from a 9-kt explosion. Based on experience in tuff in Nevada, no cratering, surface subsidence, or breakthrough are expected. Ground-water movements in the proposed area have been thoroughly studied and it was concluded by the Alberta and Ottawa technical committees that there will be no ground-water contamination problem.

On approval by the Canadian authorities and the AEC, Project Oil Sand could be conducted six months from the time authority to proceed was obtained.

A third project is directed toward obtaining more information on the cratering effects of nuclear explosions as part of the excavation program. Project Chariot is a nuclear excavation experiment to be done at a location on the northwest coast of Alaska near Cape Thompson (Fig. 8). To proceed with plans for full-scale excavation projects such as harbors, canals, strip mining, or flood control reservoirs, more data are required on the results of large-yield nuclear cratering detonations and on simultaneous detonations of lines of charges. Such a demonstration of the capabilities of nuclear explosives for excavation projects with greatly reduced release of radioactivity to the atmosphere is necessary before proceeding with earth-moving projects near populated regions.

As presently planned, three 20-kt and two 200-kt nuclear explosives buried at optimum depths for cratering and containment of radioactivity will be simultaneously detonated to produce a single crater which, if desired, will be usable as a small harbor. The proposed layout is shown in Fig. 9. Included in the figure is an outline of how a full scale harbor might appear. The dark circles represent the expected excavations for the two different size charges. The overlay of the proposed experiment is on the topographic survey of the site.

The main objectives of this experiment (Project Chariot) are:

1. Extension of nuclear cratering knowledge to a different medium, to higher yields, and to the effects of simultaneous multiple detonations.

2. To gain new data on the distribution of the radioactivity deposited in the area of the crater and released to the atmosphere.

3. To increase the knowledge of air-blast pressures versus distance from nuclear cratering detonations for deeply buried cratering explosions.

The only reliable nuclear cratering data presently available are for 1.2-kt explosions in alluvial fill at the Nevada Test Site. Project Chariot has been designed to extend this knowledge to yields more consistent with useful excavation projects and to gain experience in a harder medium than alluvium. In addition, Chariot will give important data on the gains to be realized by the simultaneous detonation of a line of nuclear explosives.

The amount of radioactivity released to the atmosphere by a nuclear cratering detonation varies strongly with the depth-of-burst. Based on a 90-ton explosion (Neptune) in Nevada, it appears possible to excavate almost a maximum volume with only 1-2% of the gross radioactivity escaping to the air. In Project Chariot, for which similar scaled depths of burial will be used, it is planned to measure the distribution of radioactivity in the "fallback" material in the crater, on the surface in the vicinity of the crater, on the surface within 100 miles, and in the atmosphere.

In addition to the above, a thorough survey of biological and ecological effects is being made under the auspices of the Division of Biology and Medicine. The biological program is directed toward determination of those factors such as time of year and direction of fallout, such that biological cost will be minimized.

During the summer of 1959, preliminary site surveys, including geological, meteorological, ecological, and oceanographic surveys, were completed.

The three specific projects described above are the only ones in final state of planning. They are still of the nature of proposals and none have yet been released to construction by the AEC. Several scientific experiments that could be conducted using nuclear explosions as sources are described below.

SCIENTIFIC EXPERIMENTS

That nuclear explosions can be employed as a source for a variety of scientific experiments has been pointed out by many individuals. Suggested experiments, to name some, include investigations of the properties of space and the structure of the earth, isotope production particularly transplutonics, neutron resonance measurements, and equations of state at high pressures; these were described at the Second Plowshare Symposium in San Francisco (May 13-15, 1959).[1] Some experiments have already been conducted in conjunction with nuclear weapons development tests. In the Plowshare Program there will be more and better opportunities to conduct such experiments. Now let us examine some of the suggestions.

1. Space Research

The possible use of nuclear explosions as sources to study properties of space has been discussed by several individuals (Argo, Hoerlin, Longmire, Petschek and Skumarich of Los Alamos Scientific Laboratory; Cook of Sandia Corporation; Christofilos of Lawrence Radiation Laboratory; Squire at Aerojet General Nucleonics). That important and spectacular auroral and geomagnetic distrubances can be produced by such explosions was amply demonstrated by the high-altitude explosions set off by the United States in 1958. While the cited detonations were conducted as part of classified military projects, much of the phenomenology has been published. The important characteristics of explosions in space are:

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[1] "Plowshare Series: Report No. 2. Proceedings of the Second Plowshare Symposium, Part V: Scientific Applications of Nuclear Explosives in the Fields of Nuclear Physics, Seismology, Meteorology, and Space," Report No. UCRL-5679, available from Office of Technical Service, Dept. of Commerce, Washington 25, D.C.

1. One-half of the energy is released as thermal radiation characteristic of source temperatures of several million degrees.

2. One-third of the energy is carried as kinetic energy of the bomb debris.

3. The remaining energy is divided between prompt and residual nuclear radiations.

By using the sharp pulse of thermal radiation, precise measurements of the velocity of propagation of electromagnetic radiation in space can be made, because very long base lines can be used. Squire and Softky suggested an experiment which would establish relative velocities of photons in four frequency ranges: (1) rf ranges (100-1000 Mc); (2) the optical range; (3) the x-ray ranges (few kev); and (4) and the gamma-ray ranges (few Mev). The measured relative velocities should be good to ± 10 meters/sec. To confirm, or deny, the independence of the velocity of electromagnetic radiations on frequency over such a wide band would be important to the theory. The rich source of beta rays can be used to excite the auroras to levels exceeding natural excitations by many orders of magnitude. The advantages in such studies of the capability of predetermination of time and point of injection are obvious. The explosive effects in perturbing the earth's magnetic field provides a means of generating and studying the characteristics of magnetohydrodynamic waves. The nature of the radiation belts and the manner of trapping and injection of particles can be investigated. One interesting suggestion discussed by Los Alamos Scientific Laboratory is the simultaneous detonation of two explosives in space at some separation like 100 kilometers. The two plasmas generated in this fashion would then rush toward each other and interpenetrate, leading to magnetohydrodynamic turbulence.

2. Production of Transplutonic Isotopes

The numbers of neutrons and the fluxes produced in explosions are very high. For example, fission explosions produce about 2×10^{23} neutrons/kiloton and a typical internal flux, which could be used to activate internal targets, would be 10^{23} neutrons/cm^2. Thermonuclear explosions produce about ten times as many neutrons and internal fluxes range from one to two factors of 10 greater than for a fission explosion of the same energy release. Such fluxes are many orders of magnitude greater than are presently available in laboratory sources.

It is important to recall that the discovery of einsteinium (99) and fermium (100) was made possible by their production in the first thermonuclear explosion of 1952. The highest mass number obtained was 255, which resulted from 17 successive neutron captures. This explosion was a weapons development test on the surface, and the samples recovered were minute indeed.

Using a specially designed system and with the flexibility of detonating underground, it is possible to consider production and recovery of milligram amounts of Cf^{252} from a single explosion. Presently under way is a reactor radiation program of several years duration to produce such amounts of this interesting isotope. Californium-252 has an effective half-life of 2.2 years (97% alpha decay, and 3% spontaneous fission) and a partial half-life for spontaneous fission of 66 years. These properties make this isotope unique as a laboratory source for fission neutrons and fission fragments. Furthermore, with appropriate design measurable quantities of an isotope of mass 270, which would be expected to be stable at Z of 104, might be produced and identified.

3. Neutron Resonance Measurements

The measurement of neutron resonances over the past ten years has contributed materially to the development of nuclear theory and has provided cross section data fundamental to the design of reactors. The experimental techniques have generally employed a time-of-flight method but various sources were used to provide the neutrons. Hughes* has compared the several methods used in the past, with what seems to be possible using a nuclear explosion as a source. His general evaluation and conclusions are stated in the following:

The pulsed source planned for the Dubna Laboratory near Moscow, which is a pulsed subcritical assembly, under planned operating conditions for continuous operation, would produce 3×10^{20} neutrons per year. Comparing this number with that number of neutrons available from a nuclear explosion ($\sim 10^{24}$ neutrons), it is seen that 3000 years of operation of the Dubna source would be required to produce the same number of neutrons as a single explosion.

Similarly a comparison with the output of a fast chopper might be instructive. A nuclear explosion emitting 10^{24} neutrons, on appropriate moderation, will produce of the order of 4×10^{10} neutrons/cm^2 in a 1-ev interval at 10 ev at 100 meters. This intensity can be compared with the same flux under the same conditions from the new NRU reactor at Chalk River using the Brookhaven fast chopper. From the measured counting rate at that installation, it can be shown that 10^7 neutrons/cm^2/year are available in the energy interval and distance as above. Thus here also, 4000 years of continuous operation of the fast chopper at Chalk River would be required to provide the same integrated flux available from a single nuclear explosive source.

With these considerations in mind, Hughes has designed an experiment using the 10-kt explosion of the Gnome event as a source to measure neutron resonances for U^{233}, U^{235}, U^{238}, and Pu^{239} in the 1 ev to 1 kev range.

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*D. J. Hughes of Brookhaven National Laboratory.

It is planned to use a 1000-ft long vacuum pipe placed in a tunnel extending radially from the center of detonation for the time-of-flight path. Transmission measurements for each specimen will be made as a function of energy using conventional electronic time-of-flight systems. The output of each of these channels is then compared with an open beam monitoring. It is anticipated that the resolution will be at least four times better than yet achieved in such measurements by any other method.

4. Other Cross-Section Measurements

Cowan (of Los Alamos Scientific Laboratory) during the Fall of 1958 weapons test series in Nevada took advantage of one of the explosions to measure the fission cross section and symmetry of fission of U^{235} as a function of neutron energy. The technique involved mounting a ring of U^{235} on a wheel which was rotated at high speed behind a slit at the time of detonation. The time-of-flight path used was 100 feet. After the explosion the wheel was recovered, and the activities on the ring were measured by counting and radiochemical methods. Ratios of quantities of appropriate isotopes like Ag^{111}/Mo^{99} were compared as a function of energy to get a measure of symmetry of fission.

With the success of this experiment, Cowan has designed a similar experiment to be done with higher resolution on the Gnome event using the 1000-foot vacuum flight path.

With a similar technique, Lindner of the Lawrence Radiation Laboratory intends to measure, in the Gnome event, neutron capture cross sections for several isotopes, including Th^{232}, W^{184}, W^{186}, Ta^{181}, Hs^{180}, and Au^{197}.

The measurements of the angular distribution of 4.4-Mev gamma rays from the $C(n, n'\gamma)$ reaction and the inelastic cross section will be accomplished also on the Gnome event by John Anderson and W. McMaster of LRL. In this experiment a neutron beam impinges on a carbon target at 500 feet from the source. An array of five Čerenkov detectors will be distributed at appropriate angles to detect the gamma rays. The angular distribution will be measured as a function of neutron energy from threshold, 4.8 Mev, up to about 15 Mev with a neutron resolution varying between 0.1 and 0.3 Mev. The use of a nuclear explosive is advantageous because of the completeness of the data that can be obtained over a range where the uncertainties in the resonance structure of carbon make a laboratory experiment difficult.

The overall arrangement of the various neutron experiments for the Gnome event is shown in Fig. 10.

5. Earth's Structure and Seismology

Byerly,[*] Griggs,[†] and Press[††] have considered several possibilities for the application of nuclear explosions to studies of the earth and seismology. The major portion of the understanding of the internal constitution of the earth has been based on analysis of signals generated by earthquakes. Contributions have also been made using the nuclear explosions set off during weapons development tests as sources (Burke-Gaffney and K. E. Bullen). In 1955 Dr. K. E. Bullen proposed that several nuclear explosions be set off for seismic purposes, but he failed to get sufficient support. However, through the cooperation of the Australian and British governments, the outputs from four bombs fired in Central Australia in 1956 were used to obtain the first reliable information on the depth of the Mohorovičić discontinuity in Australia. The uses of controlled nuclear sources for seismic purposes are many indeed. Major uncertainties in usual seismology depending on earthquakes are time, source energy, and location and depth of focus of the generating source. With a nuclear source, on the other hand, the location, time of detonation, and energy release can be accurately controlled. Thus the range of instruments can be properly set, and all instruments can be calibrated before and after the explosion. The travel-time curves then can reveal more detailed information about the structure of the earth because source uncertainties are removed. In addition, the sources can be placed anywhere, and the seismologist need not rely only on signals from active seismic areas.

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[††] Of the California Institute of Technology.

An important area of the earth in which a source could be used effectively to reveal valuable information is the Antarctic, which is an aseismic* region. Press and Griggs have indicated that a nuclear detonation deep in the ice, at a depth such that there would be no release of radioactivity to the atmosphere, would yield data on the average distribution and thickness of ice, distribution of land mass under the ice, and crustal thickness information. For a sufficiently large shot (100 kt) strong signals would be received all over the world and information on inner and outer core, and other structural details could be resolved. This experiment should be done and should be conducted as an international experiment in the traditions of the IGY and of seismology.

All Plowshare nuclear shots, wherever they are fired, will be announced well ahead of time and fired at specified published times so that the seismic scientific community will be able to take full advantage of the signal.

This is by no means a complete list of possible experiments, but it will serve to illustrate the range of possibilities. The Plowshare Project as it develops can be expected to provide numerous opportunities for an increasing number of scientific experiments as well as for practical applications.

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*Not subject to earthquakes.

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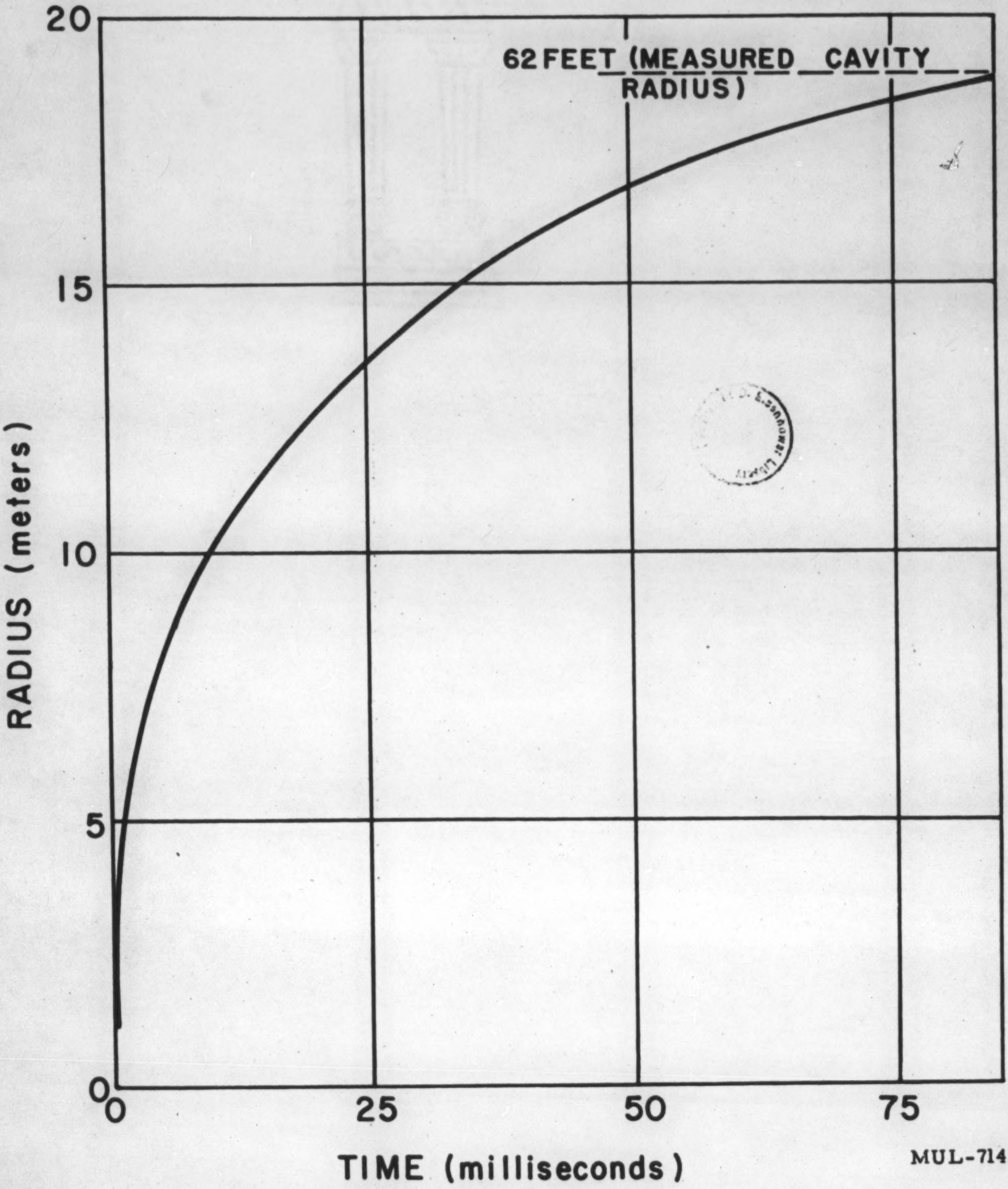
UCRL-5676 Part II: Excavation (to be published about March 1960).

UCRL-5677 Part III: Recovery of Power and Isotopes from Contained Underground Nuclear Explosions (to be published about March 1960).

UCRL-5678 Part IV: Industrial Uses of Nuclear Explosives in the Fields of Water Resources, Mining, Chemical Production, and Petroleum Recovery. (Available from Office of Technical Service, Department of Commerce, Washington 25, D. C.).

UCRL-5679 Part V: Scientific Applications of Nuclear Explosives in the Fields of Nuclear Physics, Seismology, Meteorology, and Space. (Available from Office of Technical Service, Department of Commerce, Washington 25, D. C.).



MUL-7145

Fig. 1. Rate of growth of cavity. Rainier Event.

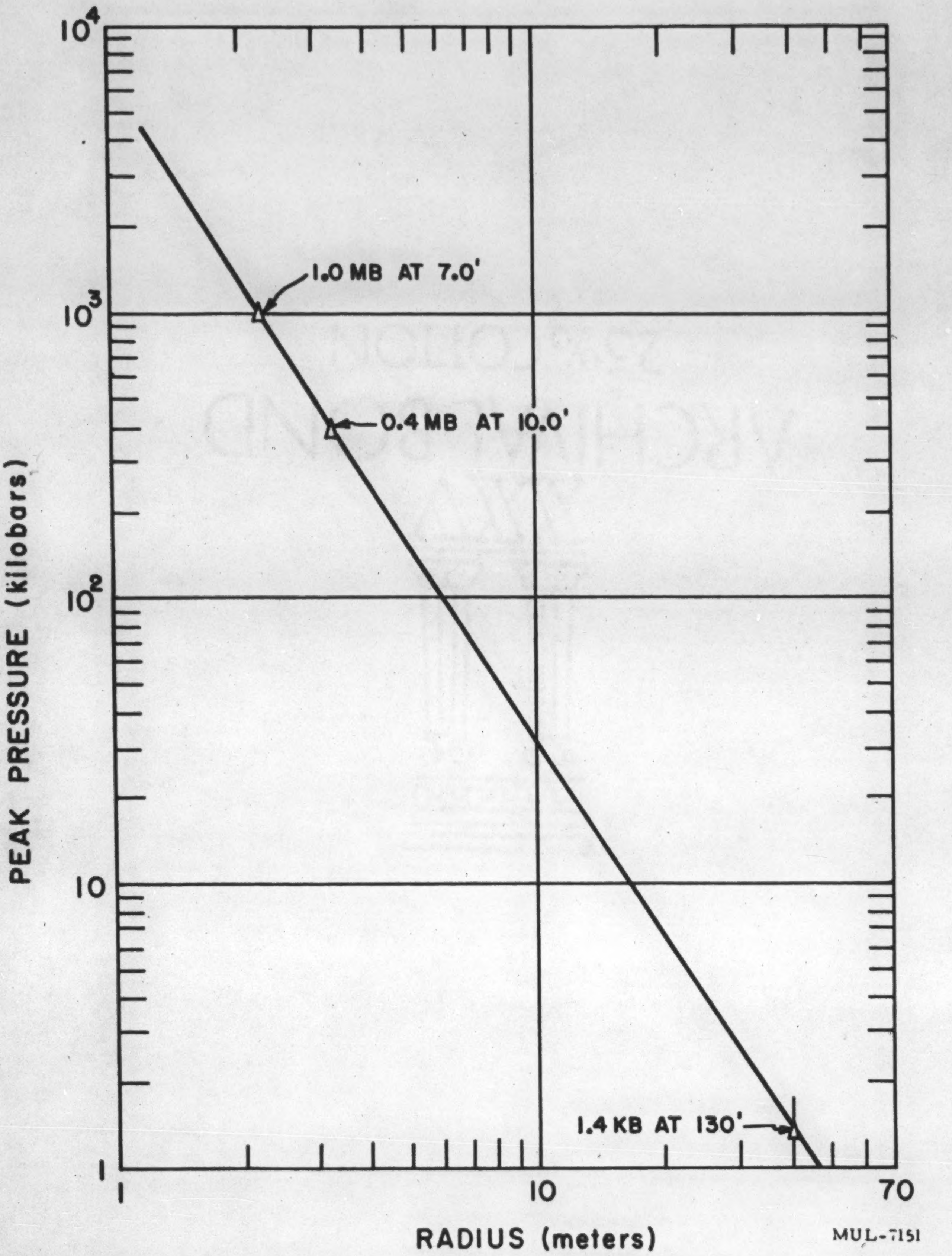


Fig. 2. Shock strength as a function of radial distance. Rainier Event.

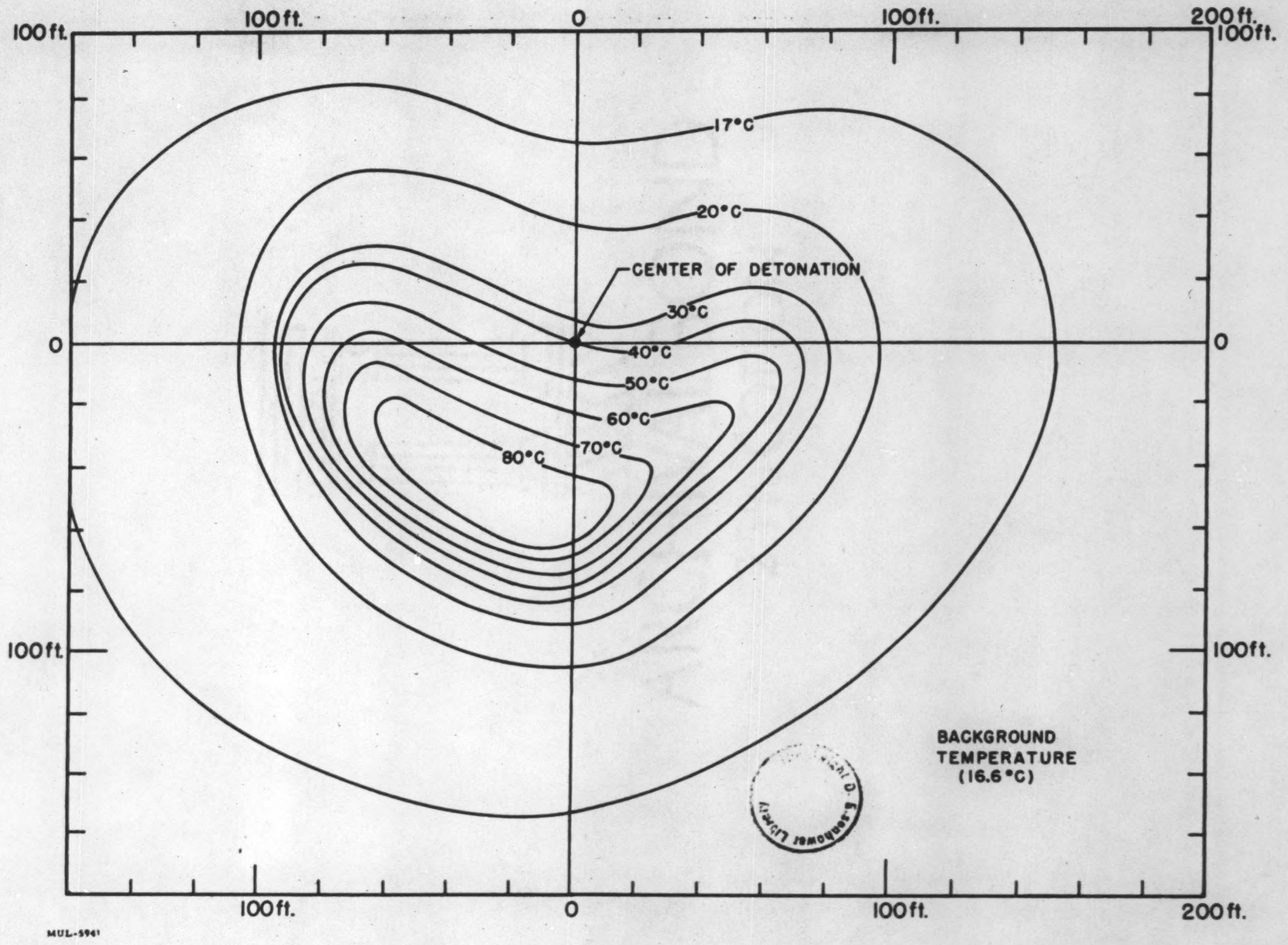


Fig. 3. Temperature distribution five months after detonation. Rainier Event.

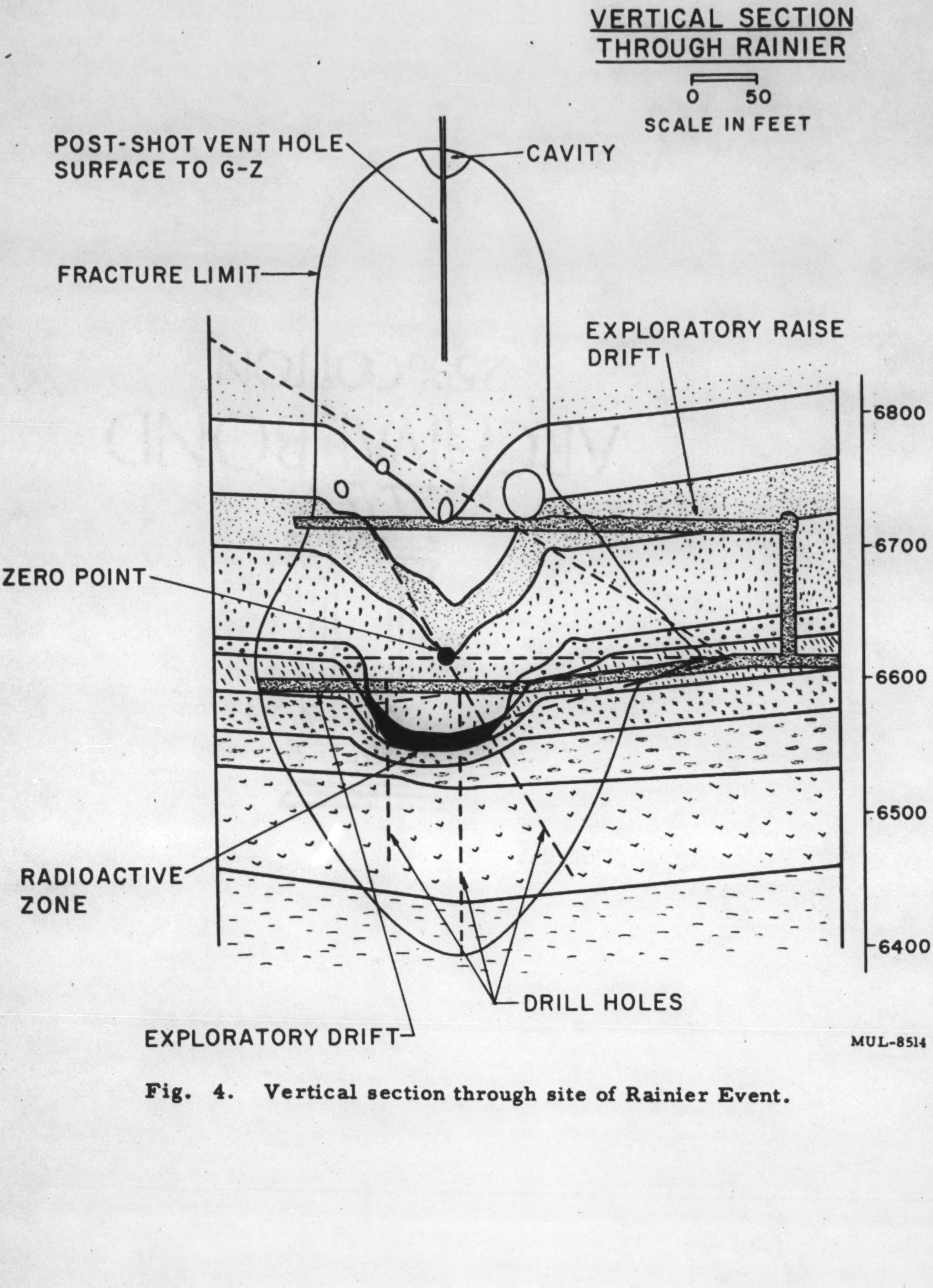

VERTICAL SECTION
THROUGH RAINIER
0 50
SCALE IN FEET
POST-SHOT VENT HOLE
SURFACE TO G-Z
CAVITY
FRACTURE LIMIT
EXPLORATORY RAISE
DRIFT
6800
6700
ZERO POINT
6600
6500
RADIOACTIVE
ZONE
6400
DRILL HOLES
EXPLORATORY DRIFT
MUL-8514

Fig. 4. Vertical section through site of Rainier Event.

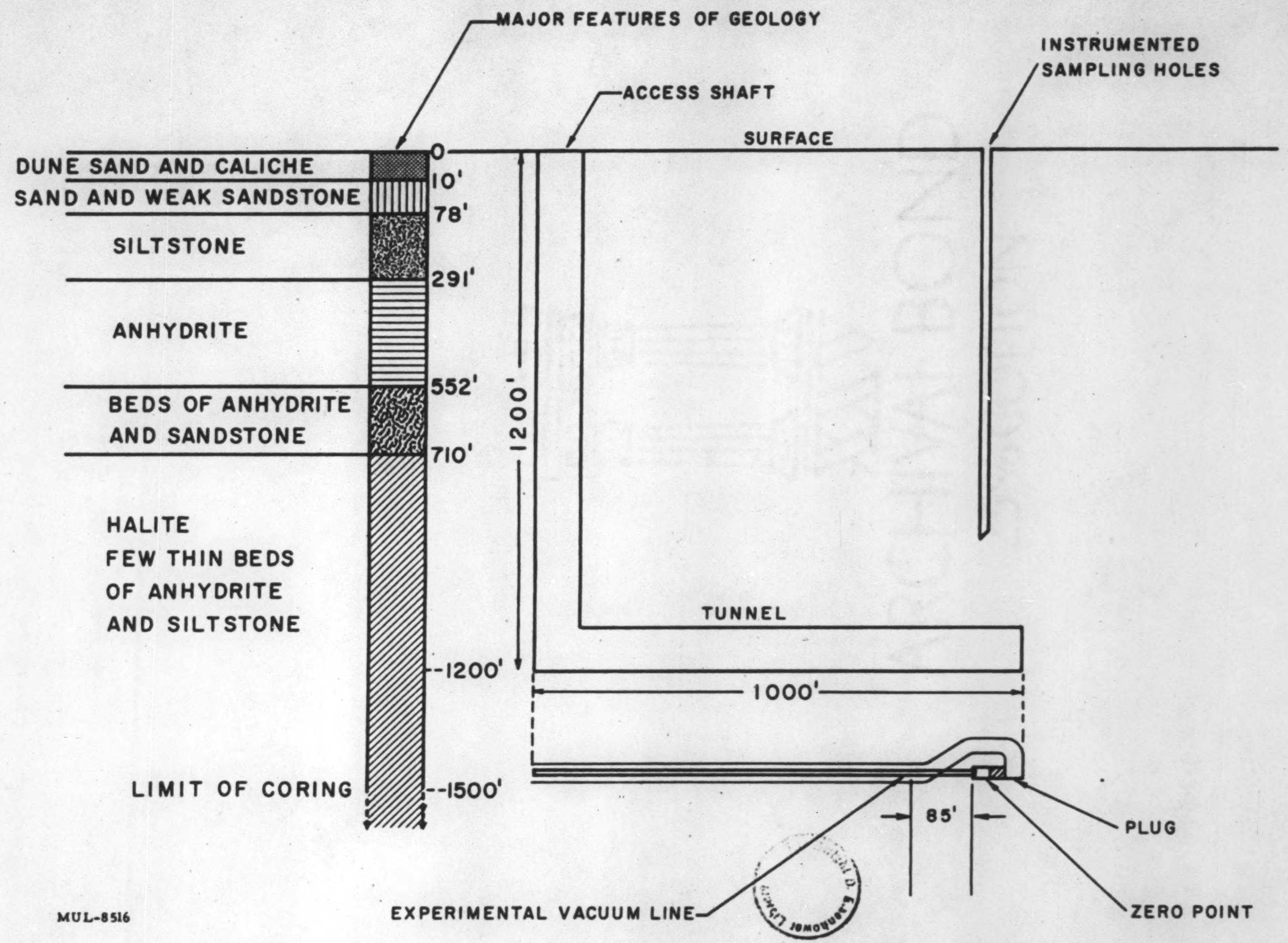
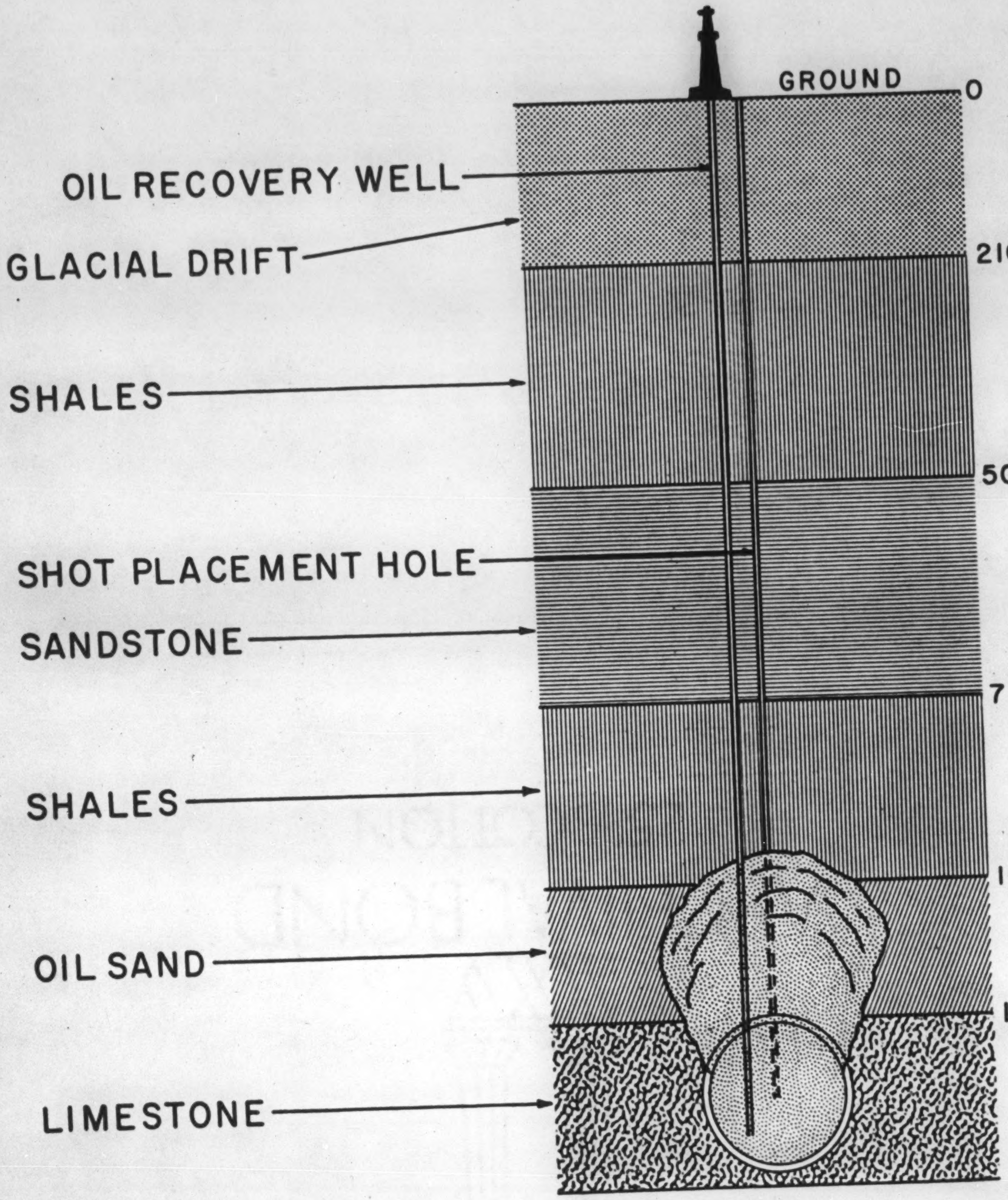
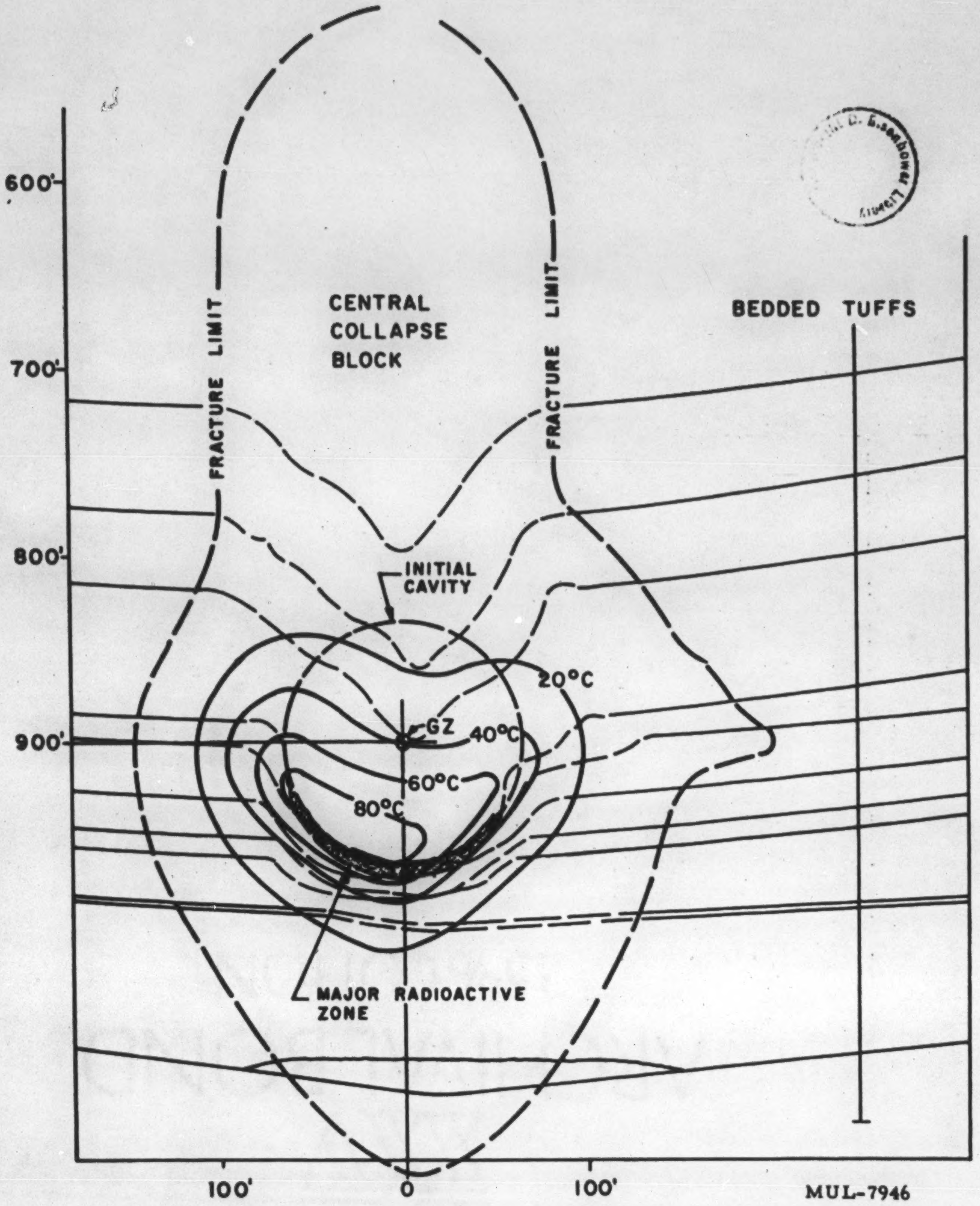

MAJOR FEATURES OF GEOLOGY
INSTRUMENTED SAMPLING HOLES
ACCESS SHAFT
SURFACE
0
DUNE SAND AND CALICHE
10'
SAND AND WEAK SANDSTONE
78'
SILTSTONE
291'
ANHYDRITE
552'
BEDS OF ANHYDRITE AND SANDSTONE
710'
HALITE
FEW THIN BEDS OF ANHYDRITE AND SILTSTONE
1200'
-1200'
TUNNEL
1000'
LIMIT OF CORING
-1500'
85'
PLUG
ZERO POINT
EXPERIMENTAL VACUUM LINE
MUL-8516

Fig. 5. Schematic layout of Gnome Experiment.


GROUND
0
OIL RECOVERY WELL
GLACIAL DRIFT
210
SHALES
500
SHOT PLACEMENT HOLE
SANDSTONE
785
SHALES
1026
OIL SAND
1207
LIMESTONE

MUL-8515

Fig. 6. Project Oil Sand site section.


600'
700'
800'
900'
FRACTURE LIMIT
FRACTURE LIMIT
CENTRAL
COLLAPSE
BLOCK
BEDDED TUFFS
INITIAL
CAVITY
20°C
GZ
40°C
60°C
80°C
MAJOR RADIOACTIVE
ZONE
100'
0
100'

MUL-7946

Fig. 7. Relationship of the temperature distribution to collapsed zone of Rainier.

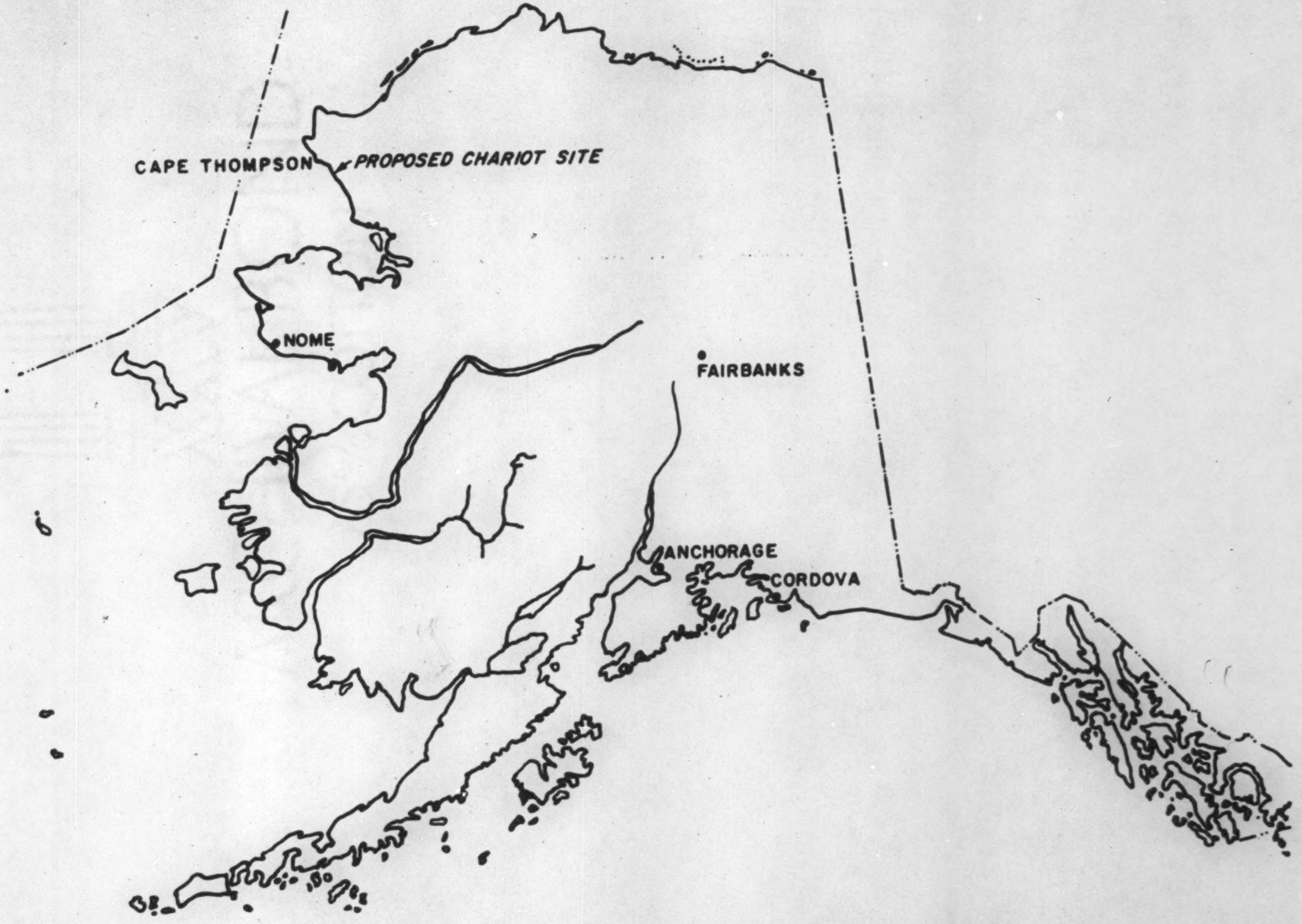

CAPE THOMPSON
PROPOSED CHARIOT SITE
NOME
FAIRBANKS
ANCHORAGE
CORDOVA
MUL-6491

Fig. 8. Project Chariot site location.

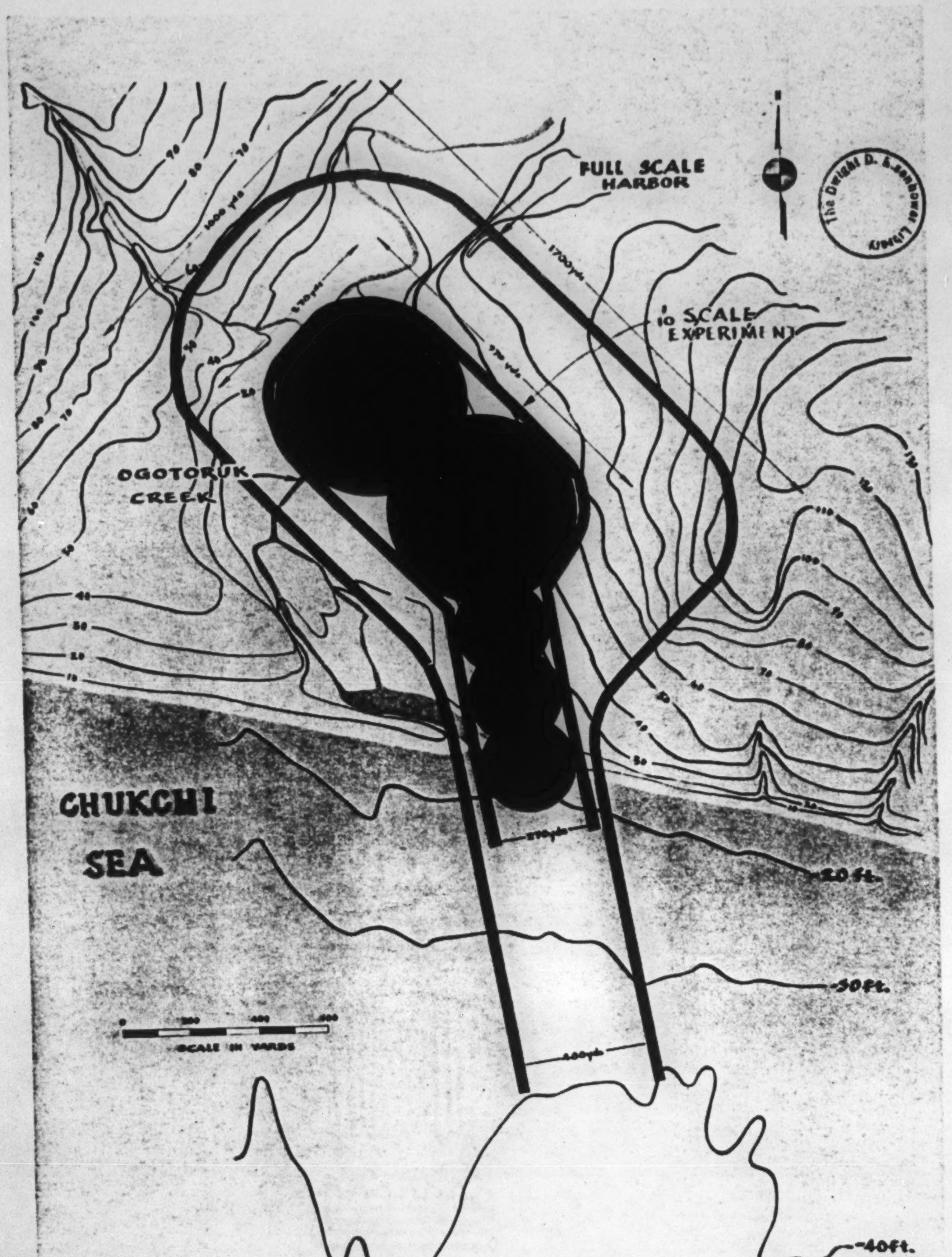

FULL SCALE
HARBOR
10 SCALE
EXPERIMENT
OGOTORUK
CREEK
CHUKCHI
SEA
1000 yds
1700 yds
970 yds
370 yds
400 yds
-20 ft.
-30 ft.
-40 ft.
0
200
400
600
SCALE IN YARDS
SN-14798

Fig. 9. Proposed Project Chariot Experiment.

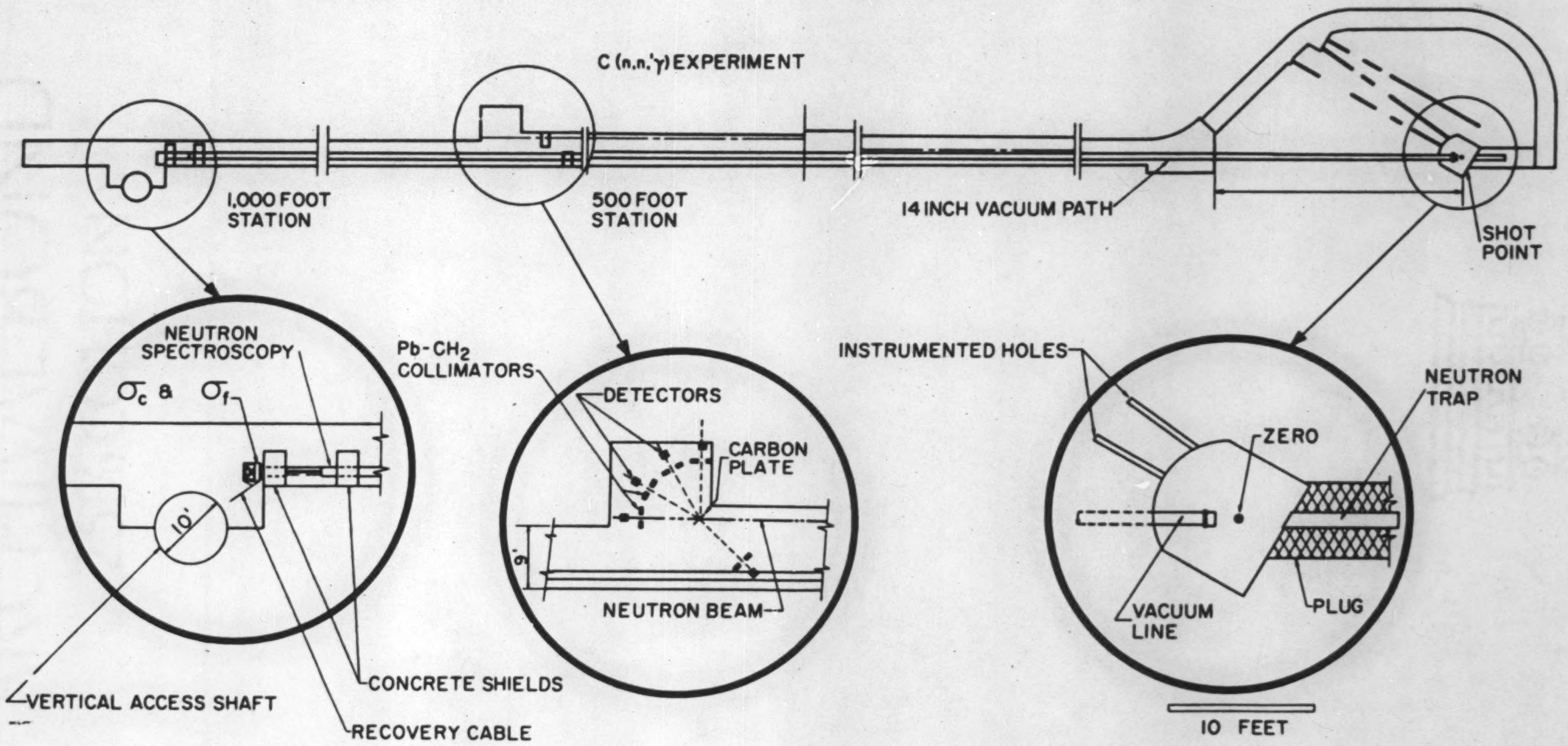

C (n,n,'γ) EXPERIMENT
1,000 FOOT STATION
500 FOOT STATION
14 INCH VACUUM PATH
SHOT POINT
NEUTRON SPECTROSCOPY
σc & σf
10'
VERTICAL ACCESS SHAFT
CONCRETE SHIELDS
RECOVERY CABLE
Pb-CH2 COLLIMATORS
DETECTORS
CARBON PLATE
6'
NEUTRON BEAM
INSTRUMENTED HOLES
NEUTRON TRAP
ZERO
VACUUM LINE
PLUG
10 FEET

Fig. 10. Experimental arrangement for neutron measurements. Gnome Experiment.

LIST OF PREVIOUS PLOWSHARE AND/OR RELATED REPORTS

Report No.	Title
UCRL-4659	Deep Underground Test Shots.
UCRL-5026	Non-Military Uses of Nuclear Explosions.
UCRL-5124 Rev. I	Phenomenology of Contained Nuclear Explosions.
UCRL-5253	Industrial Uses of Nuclear Explosives.
UCRL-5257 Rev.	Peaceful Uses of Fusion.
UCRL-5281	Temperatures and Pressures Associated with the Cavity Produced by the Rainier Event.
UCRL-5457	Large Scale Excavation with Nuclear Explosives.
UCRL-5458	Mineral Resource Development by the Use of Nuclear Explosives.
UCRL-5538	Evaluation of the Ground Water Contamination Hazard from Underground Nuclear Explosions.
UCRL-5542 Rev.	Properties of the Environment of Underground Nuclear Detonations at Nevada Test Site. Rainier Event.
UCRL-5623	Radioactivity Associated with Underground Nuclear Explosions.

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Plowshare Series: Report No. 2. Proceedings of the Second Plowshare Symposium (Held at San Francisco May 13-15, 1959):

UCRL-5675	Part I : Phenomenology of Underground Nuclear Explosions.
UCRL-5676	Part II : Excavation.
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UCRL-5678	Part IV : Industrial Uses of Nuclear Explosives in the Fields of Water Resources, Mining, Chemical Production, and Petroleum Recovery.
UCRL-5679	Part V : Scientific Applications of Nuclear Explosives in the Fields of Nuclear Physics, Seismology, Meteorology and Space.

* * *

UCRL-5709	Hydroclimatology and Surface Hydrology of San Clemente Island.

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UCRL-5932-T

THE SOVIET PROGRAM
FOR
INDUSTRIAL APPLICATIONS
OF
EXPLOSIONS

LAWRENCE RADIATION LABORATORY
LIVERMORE, CALIFORNIA

MARCH 28, 1960

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THE SOVIET PROGRAM FOR INDUSTRIAL APPLICATIONS OF EXPLOSIONS

At the outset of its nuclear weapons development program and following its first successful tests in 1949, the Soviet Union recognized the importance of peaceful applications of nuclear explosives. In particular, the potential excavating capabilities of the explosions were obvious to them. As a consequence, in acknowledging the first successful test, Mr. Vishinsky made this statement to the United Nations in November of 1949,

> "The Soviet Union is now using atomic energy for peaceful purposes, not to stockpile bombs, but if, unfortunately and to our great regret, this were necessary, we should have as many of these as we should need -- no more and no less. Right now we are utilizing atomic energy for our economic needs in our own economic interest. We are raising mountains; we are irrigating deserts; we are cutting through the jungle and the tundra; we are spreading life happiness, prosperity and welfare in places wherein the human footsteps have not been seen for a thousand years."

In 1956 a paper entitled, "On the Use of Nuclear Explosives for Industrial Purposes", by G. I. Pokrovskiy was published in Russia. The paper is an analysis of the potentialities of nuclear explosions for excavation and is directed primarily toward overburden removal in the development of open pit mines. Included is a discussion of the radioactivity produced and its distribution, which is followed by the conclusion that radioactivity "should not be considered an insurmountable obstacle to the use of such explosions in mining and construction". The final statement in the report is, "On the basis of the many advantages of nuclear explosions we conclude that the time is ripe to begin actual experiments in this field".

The following is an extract from the paper, omitting only some of the formal analyses:

> "The further development of mineral mining by the open-cut method is planned by the directives of the 20th Congress of the Communist Party of the Soviet Union. To expose strata of coal or mineral deposits

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1."On the Use of Nuclear Explosions for Industrial Purposes" by G. I. Pokrovskiy, Gornyy Zhurn l, Moscow, No. 5, 1956, Pp. 29-32.

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which are to be exploited, in the majority of cases, it is necessary to remove huge masses of gangue. This problem can be solved by various methods. Among them, massive explosions attract attention. Recently, the Soyuzvzryvprom Trust (Union Explosives Industry) successfully conducted a series of mass explosions, the weight of separate charges being as high as 1,640 tons. There is reason to believe that in the future it will be expedient to use even larger charges for blasting operations. Preliminary plans exist for ejection blasts using concentrated charges weighing from several thousand up to 250,000 tons.

"The realization of such plans may encounter sizeable difficulties, not so much from the economic as from the engineering aspect. If for a ton of explosive (with some minimization) a chamber not less than one cubic meter in volume is required, then for a charge with a weight of 250,000 tons, a cubic chamber having a width and height of 65 meters is required. It is obvious that a chamber with such a span, as a rule, cannot be formed underground since no reinforcement will withstand the tremendous mineral pressure.

"The same conclusion might be made for smaller charges, for example, for a charge with a weight of 10,000 tons, a cubic chamber with a span of 22 meters is necessary; this also, is unacceptable in many cases. It is certain that the use of huge quantities of explosives for the performance of operations at different points may cause considerable difficulties in production and transport. Thus, development of the blasting business requires essential engineering innovations.

"One possible course is the use of nuclear explosives for blasting. As is known the following may be used for nuclear explosions: Plutonium, produced in nuclear reactors; uranium-235, extracted from natural uranium; and uranium-233, obtained from thorium, and also heavy hydrogen (deuterium), extracted from water; extra-heavy hydrogen (tritium), produced in reactors; and finally, lithium.

"Plutonium, uranium-235, and uranium-233 can be exploded on obtaining the so-called critical mass by rapidly bringing together its parts, initially

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located some distance from each other, by the explosion of an ordinary explosive.

"The dimensions of atomic charges with all auxiliary equipment are not large. Thus, the caliber of the atomic shell of the American cannon (Bol'shaya Sovetskaya Entsiklopediya (Large Soviet Encyclopedia), Vol. 35, 1955, P. 335) is 280 mm and weighs about 360 kg. Considering the substantial case necessary for the shell, it can be assumed that the contained atomic charge with all accessories, the trinitrotoluene equivalent of which is about 14,000 tons, has a diameter of about 250 mm and weighs no more than 100-200 kg.

"Such a charge may be easily lowered into an ordinary drill hole with a diameter of 270-300 mm. The use of a TNT equivalent several times greater for an increase in the explosive energy presents no technical difficulties. The problem of placing a charge corresponding to tens-of-thousands of tons of TNT at the necessary depth is as easily solved.

"However, a sharp reduction of the TNT equivalent in an atomic explosion in comparison with the mentioned magnitude has not yet been attained because a definite critical mass of uranium or plutonium is necessary for an atomic explosion. Therefore, for the present, one cannot talk of using atomic material for ordinary explosive operations. On the other hand, further increase in the scale of explosions is possible through atomic engineering.

"There is an especially good outlook for strengthening a plutonium or uranium charge by adding to it deuterium and tritium along with lithium. The temperatures to tens-of-millions of degrees arising in the explosion of a plutonium or uranium charge are sufficient to cause the fusion explosion of heavy hydrogen and lithium.

"Thus not only uranium, which is already used for production of electrical energy, but also thermonuclear fuels, the supply of which is practically limitless in nature, can be used for productive purposes. However, up to now, nuclear fuels could be used only for military purposes -- to make the so-called hydrogen bombs.

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"Nuclear (atomic and thermonuclear) explosions can be used not only to construct huge pits for mining minerals, but also for transportation and hydrotechnical construction.

"The cost of atomic and thermonuclear explosives is difficult to determine with sufficient objectivity at present. Experience in operating the first atomic electric power station in the world, the station of the Academy of Sciences USSR, shows that the cost of electrical energy obtained in this way can, in the near future, be comparable with the cost of energy yielded by thermal electric power stations. The cost of atomic and thermonuclear explosives is higher than the cost of atomic fuel (for electric power stations). However, it might be assumed that even now the over-all cost of work involving atomic explosions with TNT equivalent greater than 10,000 tons will not be greater than the cost of work with ordinary explosives on such a scale. Undoubtedly, considerable savings will be realized in the time and expense connected with preliminary work.

"Let us consider the approximate expense of a nuclear explosion where a charge with TNT equivalent 15,000 tons is placed at a depth of 150 meters. Using ordinary explosives, it is necessary to sink a shaft 150 meters deep with a chamber about 15,000 cubic meters in volume. In an unfamiliar area, a mining operation of such a nature would require 8-12 months. The shaft would cost about 300,000 rubles, and the chamber would cost about 7.5 million rubles; thus, the over-all cost of the preparatory work would approach 8 million rubles.

"If nuclear explosives are used, it will be necessary to drill only a bore 150 meters deep. Not more than one or two months will be required for this (even including preparatory work). The cost of the bore will not be more than 50,000 rubles. This total is negligibly small in comparison with the expense in preparing for the usual explosion.

"The cost of 15,000 tons of ordinary explosives is approximately 30 million rubles. Thus the cost of an ordinary explosion on the

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scale in question would approach 40 million rubles. Although the coefficient of usable potential of nuclear explosion is assumed to be only several percent, nevertheless, one can say that under current conditions the cost of nuclear explosives (several kilograms of plutonium or uranium or an even small amount of thermonuclear fuel) would be less than an equivalent amount of ordinary explosives.

"A somewhat more complex question in the application of nuclear explosions to mining and construction is contamination of the blast area and surrounding regions by the radioactive decay products of the nuclear charge and radioactive substances which form in the surrounding area owing to the action of neutrons emitted in a nuclear explosion. This problem also includes the safety of the personnel performing the blasting operation and the time required before work can be resumed in the blast area.

"To clarify the basic phenomena causing radioactive contamination in an atomic explosion, we should first of all note that immediately after the explosion, before any substantial displacement of the rock has taken place, radioactive contamination is confined to the zone where melting and evaporation of the rock have taken place. (Note: A calculation was made that indicated the radius of rock melted by 15000 tons would be about 17 feet.) It follows from this (the calculation) that, at the initial stages in the development of the underground explosion, there can be no break-through of gases bearing radioactive substances.

"Analysis of rock movement in succeeding stages of a blast shows that the small mass initially adjacent to the charge is intermixed with almost all the rock which is thrown from the crater and which partially falls back into it. This process of rock redistribution leads to the situation in which radioactive contamination is spread throughout the whole crater and far from its boundaries, through almost all of the zone covered with the scattered rock.

"This situation also means that part of the radioactive material is distributed at depths greater than one meter. This material is not

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dangerous, because the rock lying over it absorbs the emitted radiation. Only the upper layer of ground, for a thickness of about 0.5 meters, is dangerous to people on the surface.

"As a result, 80-90 percent of the radioactive material does not present any danger.

"In an underground nuclear explosion with a wind present, we should expect the development of a fairly wide zone of radioactive contamination, drawn out in the direction of the wind. This question requires further first-hand study with actual explosions.

"With the data now available, however, we can say that radioactive contamination in a nuclear explosion should not be considered an insurmountable obstacle to the use of such explosions in mining and construction. On the basis of the many advantages of nuclear explosions, we conclude that the time is ripe to begin actual experiments in this field."

There are several significant points made in the paper. These are:

1. Placement of 15,000 tons of explosives is assumed to be at a depth of 150 meters (500 feet). This corresponds to a scaled depth of 200 feet, which is about what U.S. experience since Neptune (October 1958) would indicate to be the proper depth. For Chariot, the present plan contemplates using a depth of placement of 400 feet for a 20-kiloton charge.

2. The cost of a 15,000-ton nuclear explosive, which would contain several kilograms of plutonium or uranium, would be less than conventional high explosive (30 million rubles). For the example used, the placement cost for conventional high explosive was estimated to be 15 times greater than for a nuclear explosive. Thus at for 10 kilotons and above based on this analysis, from an economic standpoint, it becomes advantageous to use nuclear explosives.

3. The bulk (80-90%) of the radioactivity would be trapped underground and would not represent any danger. (Based on Nevada experience under the conditions of this explosion, it would be expected that more like 99% of the gross activity would be retained.)

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4. With data presently available, radioactivity should not be considered an obstacle.

5. Finally it was stated that preliminary plans exist for high-explosive experiments using concentrated charges from several thousands of tons up to 250,000 tons, and it was considered that the time was ripe for nuclear experiments.

Let us now review, from what has been published, what the accomplishments of the Soviet Union in this field in recent years ~~have been.~~ The experience has been extensive and the program appears to be an implementation of the directive of the 20th Congress of the Soviet Union. The explosions with one exception have been conducted in support of large excavation projects, but they comprise precisely the kind of experiments that would be done in support of an aggressive Plowshare program.

The greatest blastings ever undertaken for peaceful purposes were executed under the direction of Soviet specialists in China during 1956. The charges were fired to strip overburden from underlying ore deposits to permit pit mining. The details of placement and firing of the experiments have not been published, as far as has been determined, nor have the detailed results been reported. However, the assumption is that they were concentrated charges which implies that the entire charge was detonated at one time. The magnitudes and dates of firing are as follows:

July 19, 1956..............	1,640 tons
Nov. 16, 1956..............	4,780 tons
Dec. 31, 1956..............	9,200 tons

The results of these explosives were recognized as major contributions to the development of theory and pointed the way to next steps. It was concluded that a highly instrumented experiment be designed or executed to provide more details on cratering phenomena. Accordingly, a 1000-ton experiment, using high explosive, was conducted at Tashkent on December 19, 1957.

Some description of the experiment and results were published[2,3] though many important details are not available. In the latest publication (Dec 1959)

---

[2] "Diffusion Blasting", G.E. Pokrovskiy, The Military Aeronautical Engineering Academy (Moscow) August 1957.

[3] "The Difference in the Periods of Seismic Waves Excited During Underground Explosions and Earthquakes", S.D. Kogan, I.P. Pasechneck and D.D. Sultanov Reports Proceedings of the Academy of Sciences of the USSR, Vol. 129, No. 6, Pp. 1283 - 1286, December 21, 1959.

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we have the following description:

> "On December 19, 1957 at 0900 GMT, 30 kilometers southeast from the station of Arys on the Tashkent railroad (42° 12' 15" N; 16° 32' 59" E) there was carried out for scientific purposes an explosion of 1,000 tons of chemical explosives. The charge was placed in a chamber of a shaft which had been dug in a clay soil at a depth of 40 meters below the surface. During the explosion a crater was formed with a depth of 50 meters and a radius of 100 meters."

That this was a part of the Soviet Program for industrial uses was clearly indicated by Moscow press release (June 13, 1958) which, in describing the results, stated, "Test results proved that the force of large-scale blasting can be utilized for the construction of canals, ditches, trenches and reservoirs, in accordance with plans formulated in advance." Further on it was stated that "*** persons in charge of blastings will soon be able to lift an entire mountain into the sky, converting mountains into plains."

With the calibration available from the 1,000-ton instrumented experiment, the Chinese single charge results, and a series of smaller high-explosive cratering experiments, the Soviet scientists derived a scaling law which is in agreement with the more limited U.S. experience.

The basic laws for concentrated charges had now been developed. What was needed next were experiments in rows of point charges to develop the laws of spacing of such charges and depths of placement to dig ditches and canals. To this end an experiment of 3,100 tons was carried out on March 25, 1958. The following quote is from a recent Russian report[3]: "On March 25, 1958 at 0900 GMT in the district of Pokrovsk Ural' Skii (60.2° N. 59.9° E) 3100 tons of chemical explosives were detonated for the purpose of excavating a canal having a length of 1100 meters. The charge was placed in 31 holes varying in depth from 10 meters to 15 meters. The soil was rocky and saturated with water."

Earlier in Pravda (March 26, 1958) a report of the same experiment appeared as follows:

"Svenouralsk, Sverdlovsk Province - The largest rock clearing

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> explosion in the history of the Soviet Union was set off March 25 near the workers' settlement of Pokrovsk Uralsky. The explosive charge weighed 3,100 tons.... In a few seconds the explosion accomplished a vast amount of work. It carved an outlet canal for the Kolonga River 1,150 meters long, as wide as 100 meters at the top and 25 meters deep. About 750,000 cubic meters of earth and rock were blasted out.
>
> "Why was this explosion set off? The Kolonga River flows over rich deposits of iron ore. Ore-filled trains constantly ply between the river and Serov Metallurgical Combine. However, there is a grave flooding problem in the mines, making the ore difficult to extract. The May Day Mine, which was built in 1957 has yet to be put into operation because of the great flow of water.
>
> "So, the Pokrovsk miners, together with the Urals Explosives Trust, decided to set off three powerful blasts in order to open up a 2-kilometer outlet canal for the Kolonga River. The first and second explosions, which were set off in April and December, 1957, made a cut 798 meters long for the Canal.
>
> "The third explosion, the March 25 one, was prepared with particular care. Engineer A. Smirnow, who drew up the project, and the others in charge of the work planned and carried out the blast on a high technical level. The explosion was detonated only one and one-half to two kilometers from the workers' settlement, but the settlement's buildings suffered no damage at all. The explosion was so cleanly carried out that no finishing work is needed on the canal. In a few months the Kolonga's waters will be closed off by a dam and will flow through the craggy hills and into Lake Troitskeye."

This experiment was the end of a series of three at the same site. The other two were fired in April and December of 1957, but no results are available. From the statement that the "*** explosion was so cleanly carried out that no finishing work is needed on the canal", it can be concluded that the understanding of the proper placement of charges from previous experiments can be considered correct.

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The U. S. Program includes studies of spaced charges for canal construction but is still relatively small. Rows of charges up to 1000 pounds only have been employed to date.

The experiments underway are designed to give a guide to the proper placement for the 20-kiloton nuclear explosions of the proposed Chariot experiment where four such charges will be placed in a line.

If it is assumed that the Russian explosions were equally spaced and of the same magnitude, each charge would have been 100 tons. Having available 31 shot points, the Soviet scientists could easily have varied spacings and depths (which they did) to develop the maximum amount of data. Unfortunately, the details of the experiment and the results have not been published. Apparently the 100-ton charges were spaced at intervals of about 35 meters (117 feet) and at depths of 10-15 meters (33-50 feet). From U. S. data, under these conditions, the 100-ton shots placed at depths of 15 meters (50 feet) would use a spacing of 24 meters (80 feet). This would produce in a desert alluvium a channel with the dimensions 48 meters (160 feet) wide at the top, 13 meters (45 feet) deep, and 720 meters (2400 feet) long. These dimensions are considerably smaller than those reported by the Russians but could be due to difference in soils at the two sites.

What cratering results to expect in a rocky medium, particularly granite or basalt, is not known. Presently underway at the Nevada Test Site as part of the Plowshare Program are experiments with 1000-pound charges in basalt to establish the first rough curves of crater dimensions as a function of depth of burst.

The Soviet Union now has experience in chemical charges to produce craters or canals in energy release from a few pounds up to a few thousand tons. From this the scaling laws with HE are developed from very low energies to energy releases characteristic of the nuclear range. Range of energies covered by the experience is therefore at least a millionfold, and the energy releases are clearly in the nuclear range. All that is now required is nuclear experience to obtain the cratering efficiency with respect to chemical explosives and the data on the effectiveness of containment of radioactivity. The proposed U. S. nuclear experiment in excavation, Project Chariot, hopefully will provide much of the necessary data.

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Whether the Russians have nuclear experience to compare with the HE program is not known. The only reference made officially to such experience was the 1949 Vishinsky statement and no technical data have ever been published on those explosions or any subsequent ones that might have been conducted as part of the program.

When asked at a press conference during the second Atoms for Peace Conference in Geneva in 1958 whether the Russians had a program similar to the Plowshare, Professor V. S. Emelyanov had this to say: "I, personally, think nuclear explosives do not reach practical ends, only political ones, and I am in favor of eliminating them..... I would not spend a kopek for such tests.... We have no project or plans to use nuclear explosives in this way." When reminded of the 1949 Vishinsky statement, he replied he knew nothing of it because he had only entered politics in 1955.

That, at least, the chemical explosive program is still being continued vigorously is attested to by this Moscow press release of March 5, 1960.

EXPLOSIONS AND THE NATIONAL ECONOMY

> "(Text) Novosibirsk -- A council for the use of explosions in the national economy has been set up under the Siberian Branch of the USSR Academy of Sciences, today's Vecherny Novosibirsk reports.
>
> "The Siberian scientists propose to strip a 45-meter thick coal seam at the recently discovered south Yakutian coking coal deposit with the help of two big explosions -- 40,000 tons of ammonal each. The seam lies at depths of 40 - 60 meters under a layer of soft sand. This tremendous explosion can also yield valuable information on the geological structure of this part of Siberia. The cost of explosion stripping will be several times smaller than the usual methods.
>
> "The scientists also propose to build a dam with the help of explosives in the Malaya Alma-Atinka River Gorge in Kazakhstan, a few kilometers above the Medeo Mountain Skating Rink. This dam will shield the Republican capital of Alma Ata from the destructive mud and rock streams which rush down from the mountains approximately once every 50 years.

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The dam is to be almost 100 meters high. It will be built by blasting the gorge sides, which will require the simultaneous detonation of approximately 5000 tons of explosives. To raise the dam to the projected mark, it is necessary to make two smaller explosions.

Explosion methods, the article continues, open up great prospects for the deepening of river beds. The volume of these works on the Siberian rivers alone will amount to many hundred of thousands of cubic meters in the current seven-year-plan period, 1959 - 1965.

The scientists have advanced a new theory of destroying the ice on waterways with the help of explosions. They have also developed a unit for drilling shot holes in hard rock with a large number of continuous blasts. A special fluid is used as an explosive."

Because the results of these experiments and projects are of fundamental interest to Plowshare, the Soviet Union could make a major contribution to peaceful applications and science if it would provide the United States and the world with all technical data from these important explosions. Specifically, information is needed on the details of placement and distribution of charge, the kind of explosives used, the manner of firing, the nature of the medium, engineering surveys of the craters, the close-in ground-motion measurements and seismic observations.

G. W. JOHNSON
LAWRENCE RADIATION LABORATORY
MARCH 28, 1960

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Presentation to the Cabinet on 29 April 1960 of
the Honorable George H. Roderick, Assistant Secretary of the Army
and Chairman of the Board of Directors, Panama Canal Company,
subject "Isthmian Canal Plans - 1960,"
(A report of the Board of Directors, Panama Canal Company)

Mr. President,

The purpose, background, and scope of this report of the Board of Directors of the Panama Canal Company were discussed with you and the members of the Cabinet quite thoroughly last May. The report itself is in the hands of each member of the Cabinet and Secretary Allen who is here today is a member of the Panama Canal Board. Therefore, to conserve time for discussion, I will highlight the study and its conclusions with charts and brief remarks. The very comprehensive Isthmian Canal Study of 1947 is still valid for providing route information in the Central and South American area. It also serves competent engineers well in the task of updating costs of conventional means of excavation. However, one of the prime guidelines of our study was the consideration of nuclear explosives in the excavation of a new canal. The possibilities and the logic of such means of excavation are well described in the Plowshare Series published by the Atomic Energy Commission with a convincing introduction by Doctor Edward Teller. The Ad Hoc Committee which Secretary Brucker mentioned depended on Dr. Teller and Dr. Johnson for information in this area of the study. The Atomic Energy Commission, the State Department, and consulting engineers were most cooperative in providing the required counsel and data to complete the report.

You will recall, Mr. President, you gave general approval to the Panama Canal Company's short range improvement program for the existing canal. The increasing canal traffic can thereby be accommodated for the next fifteen to twenty years while a new canal is designed and excavated. This chart shows the complete short range program amounting to about 90 million dollars. Most of this work is under way and you may have noted the whole program will be completed by 1968.

This next chart shows the prediction of Panama Canal traffic growth by Stanford Research Institute. The prediction has been confirmed to date by the growth in actual transits. All records for the canal were broken in March when 1001 ocean going vessels transited the waterway.

Not only are the short range improvements a necessity but also a new canal is required if we extend our study to the year 2000 and continue our policy of adequate service to world shipping in the western hemisphere.

The existing canal is and will continue to be limited by the size of the locks. The present channel can be widened and deepened as now planned but the locks will still govern the size of ship in transit. A lock canal also has other drawbacks such as excessive operation time, large amount of labor required for lockages and repairs, and vulnerability to attack from air or by sabotage.

A third locks augmenting the present canal would take care of larger ship requirements only. It would still fail to cut time of transit, reduce labor costs, or improve vulnerability situation.

After thorough review of all possible routes, all methods of ship transit, future costs, growth of ship dimensions and traffic, vulnerability and recoverability factors, your Board of Directors presents comparison of costs, its conclusion, and implementation data on these two charts.

The Ad Hoc Committee studied all types of canals. Clearly, a sea level canal is the only type which will meet all requirements. Therefore, our conclusion is presented here.

Such a canal will satisfactorily provide transit for the growing number of ships, the greater size ships, and will minimize delays and travel time. Estimated labor force including supporting activities will total 600 as compared to 13,000 for any lock type canal. Vulnerability will be minimized and recoverability will be maximized.

Three locations are worthy of mention. A conventionally constructed canal could be built in the present Canal Zone. It would be very expensive--about 2 and ½ billion dollars and would therefore have a high annual charge against it.

A nuclear excavated canal is recommended. In addition to lower cost of construction, the wider and deeper channel which would result--1000 feet wide x 60 feet deep--would provide faster, safer transit of ships and lowest costs for annual dredging of the channel.

Two locations for nuclear excavation were studied thoroughly. They were both discussed last year with you but now the costs have been checked and corrected. One is the Sasardi-Morti route in Panama, the other is the Atrato-Truando route in Colombia. Excavated by nuclear means because they both meet the requirements for such methods, the Panama route would cost about 770 million dollars, the Colombia route 1210 million dollars.

D E senhower Library

The Department of State will, of course, assume the required responsibility of diplomatic negotiations. The Atomic Energy Commission predicts improvements in the art and further reduction in cost of nuclear excavation. The Panama Canal Company has nearly fifty years of operating experience and could use that experience at any new location.

Based on predicted canal traffic, present toll structures, and currently estimated construction costs, a sea level canal, economically excavated by nuclear methods will be self liquidating. This result is possible because of low costs of operation of a sea level canal and relatively low investment carrying charges based on nuclear excavation.

Mr. President, if you approve the conclusion of this report it appears desirable that a decision as to future action and some type of public announcement be made relatively soon. I say this for two reasons: first, an engineering consulting committee appointed by the House of Representatives Merchant Marine and Fisheries Committee has withheld publication of its report in anticipation of the publication of the report upon which this briefing was based. The best information available to me (without any formal confirmation) indicates that that committee will recommend a third locks in the present Canal Zone. It is presumed that this recommendation is being considered on the basis of low over-all cost, low annual cost and absence of diplomatic negotiation which would accompany construction of a canal in a new location.

A second consideration is the possibility that a foreign power, knowledgeable in nuclear excavation, might assume the initiative in constructing a sea level canal without the cooperation of the United States Government. ~~As you may recall~~, Mr. President, you have recently approved as a future National Security Council agenda item the discussion of U. S. policy on the long range national security interest in inter-oceanic canals across Central America. At that time I am sure the current study being conducted on that subject by the Joint Staff for the approval of the Joint Chiefs of Staff will also be ready.

This completes my presentation.

May 6, 1960

MEMORANDUM FOR

Mr. Robert Brewster, State
Mr. Oliver Gale, Defense
Mr. Bruce Mercer, AEC
Mr. Ralph Reid, Budget

With respect to Paragraph 4(b(ii) of Cabinet Record of Action 60-152, the President has received and considered the recommendations referred to; the President has determined that there will be "no release".

Robert Gray
Secretary to the Cabinet

cc: General Goodpaster

BHP:gs

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THE CABINET

Isthmian Canal Plans - 1960

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For consideration by Members of the Cabinet, attached is a document submitted on behalf of the Board of Directors of the Panama Canal Company by the Secretary of the Army in his capacity as "the stockholder" and as such the senior Federal Government officer supervising the Panama Canal Company.

The attached Report is the product of an Ad Hoc Committee for Isthmian Canal Plans and was prepared pursuant to Item 3(b) of Record of Action 59-133 from the Cabinet meeting of May 22, 1959, and according to the instructions set forth therein.

A Summary of this Report, together with its Recommendations, is found on pages 29-33.

The Report is supported by eight detailed Annexes; Cabinet Members wishing to examine these Annexes should communicate with Assistant Secretary of the Army George Roderick.

Pursuant to the Cabinet assignment of last May, this paper is scheduled for Cabinet consideration at the next meeting, supported by a visual-oral presentation. Coupled with it on the agenda will be a presentation by the Chairman of the Atomic Energy Commission of the related Project PLOWSHARE.

This document is available in limited copies only and is being given restricted distribution. Recipients are requested to take special precautions to protect its privileged nature.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

DEPARTMENT OF THE ARMY
WASHINGTON 25, D. C.

IN REPLY REFER TO:

MAR 31 1960

MEMORANDUM FOR THE PRESIDENT

At the May 22, 1959 cabinet meeting, the Board of Directors of the Panama Canal Company was directed to submit a recommendation as to the choice among five alternative plans for increasing the capacity of the Panama Canal or building a new canal at another location. The recommendations of the Board are set out in the attached report.

The report consists of a text and eight annexes. The report is summarized in the Syllabus on page IX, and the recommendations are set out in full on pages 32 and 33 of the text.

The study shows that a sea level canal is the most advantageous to commerce, less vulnerable to loss from enemy attack, and the most practical and economical solution to the canal problem. Any sea level canal could be operated at a fraction of the cost of operating a lock canal and would meet all foreseeable requirements of commercial and military traffic. Such a canal could be constructed by nuclear means with devices that exist today at a cost that is far below that of construction by conventional methods.

Nuclear construction within the present Canal Zone is impracticable because of the proximity of the heavily populated cities of Panama and Colon. Construction of a sea level canal in the present Canal Zone by conventional methods would cost approximately three times as much as construction by nuclear methods at a more remote location, exclusive of treaty and site acquisition costs.

The report recommends prompt initiation of planning for construction of a sea level canal at a remote location, continuation of the Atomic Energy Commission's study and development of the techniques of nuclear excavation, and alternatively, construction of a sea level canal at the Canal Zone if, by the early 1970's, definite plans have not been made to construct a canal by nuclear methods.

The report has been prepared with the assistance of the Atomic Energy Commission and the Department of State.

Wilber M. Brucker.
Wilber M. Brucker
Secretary of the Army

This Report is classified "For Official Use Only" and the Department of State considers that premature disclosure of information contained herein will be detrimental to United States Government interests. Dissemination of material in this Report to be limited to U. S.-citizen personnel on a need-to-know basis.

ISTHMIAN CANAL PLANS

1960

●

PANAMA CANAL COMPANY
BALBOA HEIGHTS
CANAL ZONE
FEBRUARY 11, 1960

February 11, 1960

The Honorable George H. Roderick
Assistant Secretary of the Army (FM)
Washington 25, D. C.

Dear Mr. Secretary:

This report presents a recommended plan to provide an economically operable canal across the American isthmus adequate to meet all foreseeable requirements of world commerce. In developing this plan special consideration has been given to future transportation and supply support requirements of the industrial and economic complex of the United States.

I fully realize that the validity of the recommendations set forth in this report is dependent on future advances in nuclear science. Such is my faith in the ability of the scientists and engineers of the United States that I am confident that all scientific and engineering obstacles can be overcome to provide a sea level canal by the time it is needed.

In my opinion, the recommendations of this report offer an opportunity for the United States to become the first nation to demonstrate by nuclear construction the concept of atoms for peace while carrying out a project of primary importance to world commerce.

Sincerely yours,

W E Potter

Chairman, Ad Hoc Committee
for Isthmian Canal Plans
President, Panama Canal Company

ISTHMIAN CANAL PLANS—1960

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ANNEXES

The annexes listed below are bound separately and contain data which are supplementary to this report. Supporting design and estimating data are on file in the Administration Building, Balboa Heights, Canal Zone.

Annex — *Title*

I. An Analysis of Future Commercial Traffic Through the Panama Canal. Stanford Research Institute. (Two Volumes and one Addendum.) (Unclassified.)

II. Summary of Vulnerability Study. Office of Chief of Engineers. (Unclassified.)

III. Revision of Cost Estimates for Long Range Improvements. Parsons, Brinckerhoff, Quade & Douglas, Engineers. (Unclassified.)

IV. Operation and Maintenance Costs. Panama Canal Company. (For official use only.)

V. The Handling of Live Superships Through Gaillard Cut of the Panama Canal. Navy Department, David Taylor Model Basin. (Unclassified.)

VI. Engineering Plan for Construction of a Sea Level Canal by Nuclear Methods. Parsons, Brinckerhoff, Quade & Douglas, Engineers. (For official use only.)

VII. Nuclear Construction of a Sea Level Canal and Cost of Nuclear Excavation. United States Atomic Energy Commission. (For official use only.)

VIII. Effects of Increases in Tolls Rates on Panama Canal Traffic. Stanford Research Institute. (Unclassified.)

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SYLLABUS

The Board of Directors of the Panama Canal Company has authorized projects that have increased the dependable capacity of the Canal from 23 to 29 lockages per day and has initiated a series of additional improvements which will further increase the capacity of the Canal by increments, beginning in 1960. The maximum possible benefit will be attained when the capacity of the waterway reaches the capacity of the locks in 1968. The present Panama Canal, with these planned improvements, will then be adequate to transit, without undue delays, the estimated traffic for possibly a decade longer. The dimensions of the present locks will remain unchanged, and hence will limit the draft of many large ships and will preclude the transit of the largest commercial vessels and modern aircraft carriers.

Traffic projections indicate that the dependable capacity of the Canal, so improved, will be exceeded for occasional short periods in the early 1970's. Thereafter delays to shipping will become excessive. Of the many plans that have been studied the five following offer the most practical solutions to the problem:

(a) Construct a new set of large single-lane locks to supplement the present Panama Canal Locks;

(b) Construct a new set of large single-lane locks, and eliminate one set of locks by adding a lift to the two-lift Pacific Locks.

(c) Construct a sea level canal in the Canal Zone, following the general alignment of the present lock canal.

(d) Construct a new lock canal in Nicaragua.

(e) Construct a sea level canal by nuclear excavation.

Inherent in any lock canal are the disadvantages of high and ever increasing costs of operation and maintenance, vulnerability to military destruction, and delays to vessels caused by lockage time requirements.

A sea level canal in the Canal Zone would have significant advantages over any lock canal in operating cost, vulnerability, and transit time requirements, but its construction cost would be three to five times that of a canal with greater width and depth constructed by nuclear methods.

The plan that offers greatest promise contemplates the construction of a sea level canal by nuclear methods. Nuclear excavation can be accomplished today at a fraction of the cost of excavation by conventional methods, and it is highly adaptable for use in mass excavation of the type required in canal construction. A sea level canal excavated by nuclear methods would provide the greatest advantages to world shipping at the lowest cost, if treaty and right-of-way costs are not excessive. It would also have a definite operating cost advantage, because such a canal would require only one-twentieth of the operating force that is necessary for a lock canal.

The Panama Canal Company has approximately ten years in which to plan the construction of a new canal. It is recommended that immediate legislative authorization be obtained to permit the extensive pre-construction planning, surveys, and scientific studies that must be completed before construction of a sea level canal is initiated by either nuclear or mechanical methods.

PART I

PURPOSE AND SCOPE OF REPORT

A. PURPOSE

The purpose of this report is:

1. To make a comprehensive study and projection of the volume and composition of Panama Canal traffic to the end of the century.
2. To determine the adequacy of the present Canal to meet the needs of ocean commerce to the end of the century.
3. To develop and present plans to correct any inadequacies or obsolescence that may be discovered in the present Canal.
4. To recommend a long range plan for Canal improvement or replacement, if required.

B. BACKGROUND

At the time the Panama Canal was constructed, ocean-going vessels were small, and the winding 300-foot channel was adequate to handle with safety every ship afloat. The dimensions of the locks far exceeded those of any ship envisioned at that time.

Major investigations of the Canal's capacity were authorized in 1929, 1936, and 1945, and various third-locks and alternate canal plans were developed. As a result of these studies several major improvements, including widening projects and the construction of Madden Dam, were recommended and completed.

Soon after the Panama Canal operation was placed under a corporate form of management in 1951, the Board of Directors of the Company initiated further studies to determine the adequacy of the waterway to handle its growing workload. The only serious limiting feature of the Canal's capacity at that time was the reduced capacity of the locks during periods of single-lane operation. Each locks lane had a capacity of 23 to 24 lockages in 24 hours. This was the limit of the Canal's capacity during the three- to five-month locks overhaul periods, which occurred every two to three years, and during occasional unscheduled outages caused by equipment failures. The Board of Directors approved further engineering studies to develop a plan to increase the single-lane lockage capacity. As a result, a plan was developed, and the locks were modified to increase capacity during overhaul and one-lane outage periods by approximately 25 percent. With this improvement, the capacity of the Canal was more than adequate to handle the traffic experienced through calendar year 1956. However, an unanticipated rate of growth in numbers of ships and an unprecedented increase in size of tankers and ore carriers during the latter half of 1956 again raised the question of future Canal capacity.

In January 1957 the Board directed that further investigation of the capacity of the Canal be made. An Ad Hoc Committee was appointed, consisting of Maj. Gen. W. E. Potter, President of the Panama Canal Company, and Maj. Gen. J. L. Schley, U.S.A., (Ret.), and Mr. Ralph A. Tudor, Directors. This Committee determined that a critical capacity problem existed and in July 1957 recommended an interim waterway improvement program. The recommendations were adopted and work is well along on these projects, which will solve the Canal capacity problem for a decade or perhaps a little longer. The Ad Hoc Committee then began work on more comprehensive Isthmian Canal Plans. This report includes those plans with pertinent recommendations.

C. SCOPE

This report is concerned primarily with the planning of a transisthmian canal that will be capable of meeting the needs of ocean commerce to the end of the century. The inability of the present Panama Canal to handle large naval vessels is considered to be a problem requiring national policy decisions and has not been evaluated in arriving at the recommendations contained herein.

The Panama Canal Company has explored various possible methods of increasing the capacity of the present Canal. Improvement plans have been developed which, when completed, will permit the transit of the maximum number of vessels the present locks can handle. The Company has also studied the economic, financial, engineering, and marine aspects of the present Canal and alternate improvements.

The forecast of traffic to the end of the century provides the basis for determining future Canal capacity requirements. An outstanding economic research organization was employed to make this study.

Little original engineering work has been required in connection with plans involving conventional construction, since the Isthmian Canal Studies of 1947 comprised a most comprehensive engineering report on various types of transisthmian canals at many locations. A consultant was employed, however, to update the construction methods suggested in the 1947 studies and to adjust cost estimates to current price levels.

The newly developed capability of constructing a transisthmian sea level canal by nuclear excavation has been explored by the Company with the technical assistance of the Atomic Energy Commission. Nuclear excavation methods and cost estimates were developed for the Company by an engineering consultant. Diplomatic aspects of the study have been coordinated with the Department of State.

PART II

THE PANAMA CANAL

A. DESCRIPTION

In 1903 the United States and the Republic of Panama entered into a treaty by which Panama granted to the United States in perpetuity the use, occupation, and control over a zone of land approximately 10 miles wide and 50 miles long across the Isthmus of Panama for the construction, maintenance, operation, sanitation, and protection of an interoceanic canal. The Republic of Panama further granted to the United States all the rights, power, and authority within the Canal Zone which the United States would possess and exercise if it were the sovereign of the territory "to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

Following the 1903 treaty, the United States proceeded to construct the Panama Canal connecting the Atlantic and Pacific oceans. Construction was completed in 1914. The canal is a lock canal approximately 50 miles in length, the principal characteristics of which are described below.

A ship transiting the Canal from the Caribbean to the Pacific first enters a dredged channel at sea level which runs approximately eight miles inland from deep water to the lower chamber at Gatun Locks. Gatun Locks serve as a hydraulic elevator and raise the vessel 85 feet in three separate lifts to the elevation of Gatun Lake, a fresh-water man-made lake with a surface area of approximately 167 square miles. Under its own power, the ship then follows the course of the Chagres River, which was dammed to form Gatun Lake, approximately 24 miles to the point where the channel leaves the old water course. There it enters Gaillard Cut, a channel excavated through the eight-mile land mass at the Continental Divide. The vessel then enters the single-lift Pedro Miguel Locks, which lower it approximately 31 feet. It then steams across Miraflores Lake approximately one and one-half miles to Miraflores Locks, where it is lowered approximately 54 feet to sea level in two steps. The ship then steams eight miles through a dredged channel at sea level to deep water in the Pacific.

The channel is dredged to a minimum depth of 42 feet, but due to ship handling phenomena in restricted channels, vessel draft is limited to approximately 36 feet. The channel is 500 to 1,000 feet wide throughout the sea level approaches and across Miraflores and Gatun Lakes. However, a portion of the restricted channel through Gaillard Cut is still only 300 feet wide. Widening of these remaining sections to 500 feet is included in current improvement plans and is now under way.

The locks are massive, concrete structures providing twin chambers 1,000 feet long by 110 feet wide, with a navigable depth of 41 feet. The twin chambers permit two separate lanes of traffic to move in the same or in opposite directions independently of each other.

Madden Dam on the Chagres River, upstream from Gatun Lake, forms a fresh-water lake, the pool elevation of which varies between 200 and 250 feet above sea level. It provides flood protection for the Canal and impounds usable storage of 445,225 acre feet of water. The waters from Madden Lake serve a dual purpose, since they pass through hydroelectric turbines which discharge into Gatun Lake and are again used for lockage purposes.

Gatun Dam consists of an earth dam across the Chagres River valley near the Caribbean Sea and a concrete dam with spillway gates and power penstocks in the old river channel. This dam permits control of the water level in Gatun Lake, which fluctuates between 82 and 87 feet above sea level and feeds a hydroelectric plant. This plant is operated only when water excess to lockage requirements is available.

Miraflores Dam is an earth dam with a narrow concrete water-control section. The lake formed by this dam has a small watershed and is fed primarily by the water released from Gatun Lake through Pedro Miguel Locks in normal transiting operations.

B. IMPORTANCE TO THE UNITED STATES

1. COMMERCIAL

About seventy percent of the sixty million tons of cargo passing through the Panama Canal each year is destined for or derived from United States ports. One-sixth of this tonnage is made up of movements between the two coasts of the United States, and the balance is United States export-import commerce. Each year, as sources of raw materials in the United States are further depleted, the economy becomes more dependent upon imports of raw materials. Each year the expanding industrial complex continuously seeks to compete in markets abroad. The Panama Canal reduces the ocean transportation mileage from source to market by as much as 7,000 miles, thus giving to United States industry access to raw material supplies and markets that would otherwise be entirely barred by prohibitive transportation costs.

> **Iron ore** moves from the west coast of South America to the blast furnaces near the east coast of the United States at the rate of five million tons per year. There is a rapid and steady growth in this movement.
>
> **Petroleum products** move from Venezuela to the west coast of the United States at the rate of 15 million barrels per year.
>
> **Scrap iron and coal** moving from the east coast of the United States at the recent rate of four million tons per year have done much to help rebuild the Japanese economy.
>
> **Meats, bananas, and other canned and refrigerated food products** flow daily to the east coast of the Americas and to Europe from Australia, Hawaii, Japan, and the west coast of the United States and Central America.
>
> **Manufactured goods, automobiles, paper and paper products, and chemicals** flow regularly from Europe, and the east coast of the Americas to Australia, the Far East, and the west coast of the Americas.

Low-cost water transportation made possible by the opening of the Panama Canal has been an important factor in the dynamic development of the west coast of the United States. West coast steel and aluminum production, and the extensive light manufacturing industry that is rapidly expanding on the west coast today, depend to a large extent upon the Panama Canal for transportation of raw materials as well as finished products.

The importance of the Panama Canal to the United States will increase as United States capital is forced to develop remote supply areas for materials that are essential to the economic growth of the nation.

2. DEFENSE

The Panama Canal was a great asset to the United States during World War II and during the Korean emergency. The importance of the Panama Canal to national and hemispheric defense cannot be evaluated by the Panama Canal Company. There is no doubt, however, that the savings in time and transportation cost of strategic raw materials contribute to the industrial economy which supports the military might of the nation. The Navy is no longer limited to a single-ocean navy and is today building aircraft carriers too large to transit the present Canal. Nevertheless, the Canal is still important to the Defense Forces in peace and in war because it provides the shortest sea route for supply ships and for most of the nation's combat vessels between the Atlantic and Pacific oceans. It also makes possible the quick redeployment of a preponderance of the fleet units and supply vessels between the two oceans. It supplements an overburdened rail network in time of war by handling important tonnages; the Korean emergency and the Far East campaigns during World War II are examples of this contribution to the defense effort.

PART III

PAST AND CURRENT CANAL IMPROVEMENTS

A. PAST STUDIES AND IMPROVEMENTS

Since the completion of the Panama Canal in 1914, several traffic predictions have been made and three major engineering studies of methods of increasing the capacity of the Canal have been completed. Furthermore, several projects for improvement of the Canal channel, anchorages, terminal harbors, locks, and flood control features have been completed. The more important of these studies and improvement projects are mentioned here.

1. 1929 STUDIES—MADDEN DAM

In 1929 Congress authorized a study to determine the practicability of providing additional locks and other additions to the Panama Canal, or, as an alternate plan, the construction of a ship canal elsewhere on the American Isthmus. (1) The Interoceanic Canal Board, a group appointed by the President to analyze the results of these studies, concluded that Madden Dam should be constructed to improve and regulate the water supply, and that, while the construction of a third set of locks and eventual conversion to a sea level canal would provide the practical solution to future traffic problems, no immediate steps need be taken to provide increased capacity for transiting water-borne traffic between the oceans. Pursuant to this study Madden Dam was authorized and was constructed between 1931 and 1936, at a cost of $9.4 million.

2. 1936 STUDIES—THIRD LOCKS

In 1936 Congress authorized and directed the Governor of the Panama Canal to investigate means for increasing Canal capacity, and to prepare designs and cost estimates of any additional locks or other structures needed.(2) During the study, in 1938, the decision was made to construct a third set of locks which would be less vulnerable to aerial bombing than existing locks and large enough to handle large naval vessels.

The chambers of the new locks were to be 140 feet wide and 1,200 feet long, with a navigable depth of 45 feet. Plans included protection against the heaviest bombs then in use, and dispersion from the existing locks.

Construction was started in July 1940(3) and most of the excavation work was completed. In May 1942, after expending $75.2 million, construction was suspended because of more pressing war demands for men and materials.

3. ISTHMIAN CANAL STUDIES—1947

In 1945 Congress authorized and directed the Governor of the Panama Canal—"to make a comprehensive review and study, with approximate estimates of costs, of the means of increasing the capacity and security of the Panama Canal to meet future needs of interoceanic commerce and national defense." (4) The report, now known as the "Isthmian Canal Studies—1947," is a most comprehensive engineering study. Locks and sea level canal possibilities at 30 routes across the American Isthmus, from the Isthmus of Tehuantepec in Mexico to the Atrato River region in Colombia, were investigated.

Of the alternatives studied, five plans, all of which involved construction in the Canal Zone, were determined to be the most practical means of providing an adequate waterway.

The report presented these conclusions: "A Sea Level Canal constitutes the only means of meeting adequately the future needs of interoceanic commerce and national defense, and such a canal can be obtained most effectively and economically by converting the present Panama Canal to a canal at sea level."

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(1) P. L. No. 181, 70th Cong.

(2) Ch. 267, 49 Stat. 1256. 74th Cong. Pub. Res. No. 85; H. J. Res. 412.

(3) Ch. 694, 53 Stat. 1409. P. L. 391, 76th Congress-1st Session (H. R. 5129).

(4) P. L. 280, 79th Congress, Chapt. 600, 1st Session H. R. 4480 approved Dec. 28, 1945.

The Isthmian Canal Studies-1947 report was submitted by the Governor of the Panama Canal, through the Secretary of the Army, to the President of the United States. The President, in turn, submitted the report to the Congress without comment or recommendation. No action was taken by the Congress.

Following is a brief description of the five plans that were developed in detail in the 1947 report.

(a) **A Third Locks Project** was considered. This was substantially the same as the original Third Locks project, except that dimensions of the new chambers would have been 200 feet wide by 1,500 feet long with a navigable depth of 50 feet, and the canal channel would have been widened to 500 feet and deepened to 55 feet.

(b) **Lock Canal Plan I** consisted of modifications to the existing Canal and locks without extensive new construction. The project included deepening the channel by 5 feet, construction of a tie-up station in Gaillard Cut, modernization and modification of locks to reduce outages during overhauls, construction of a surge basin above Pedro Miguel Locks, the extension of lock wing walls, and easement of curves in Gaillard Cut.

(c) **Lock Canal Plan II** was divided into two phases. The initial phase included the addition of new upper chambers at Miraflores Locks, construction of an additional lock lane with chambers 200 feet wide by 1,500 feet long with a navigable depth of 50 feet, modernization of existing locks, and widening the entire channel to 500 feet and deepening to 55 feet. Pedro Miguel Locks would have been removed had this plan been adopted. The ultimate phase of this plan provided for abandonment of the original Miraflores and Gatun Locks, raising Gatun Lake to 92 feet above sea level, and construction of additional one-lane locks at Miraflores and Gatun with the dimensions of those built during the initial phase.

(d) **Lock Canal Plan III** was the same as the ultimate development of Plan II with maximum protection against sabotage or attack.

(e) **The Sea Level Canal Plan** provided for construction along the alignment of the existing Canal in the regions of deepest cut, but deviating somewhat to reduce curvature. This canal would have been 60 feet deep and 600 feet wide, and tidal regulating gates and locks were considered necessary. Channels and dams would have been provided to divert major water courses from the Canal. This was the only plan which the 1947 Isthmian Canal Studies considered adequate to meet the needs of security.

4. IMPROVEMENTS TO CHANNEL AND HARBORS—1918 TO 1950

Practically every bend in the restricted channel through the eigh-mile length of Gaillard Cut was widened to improve navigability. In addition, shoals were removed, locks approaches widened, and one 7,800 foot reach near the center of Gaillard Cut widened from 300 to 500 feet. The fact that no accidents have occurred in this reach since the widening was completed some eight years ago bears witness to the advantage of the wider channel. The cost of these projects was $43 million.

B. PROGRAM OF THE BOARD OF DIRECTORS

In 1952, the year following the transfer of the maintenance and operation of the waterway to the Panama Canal Company, commercial ship movements through the Canal reached an all-time high, and there was every indication that the unprecedented rate of growth in ocean commerce would continue. The Board of Directors of the Company initiated immediate studies of the capacity of the Canal to handle this growing traffic and has since approved numerous projects which have made it possible for the Canal to handle a workload 50 percent greater in 1959 than it was in 1951.

Completed projects authorized by the Board of Directors are described below:

(a) The locks were modified to increase capacity during overhaul periods by providing means for overhauling the valves in the center wall culverts without obstructing traffic in either lane. Changes were also made to permit the use of both a center-wall and a side-wall culvert in a single lane, while the other lane is out of service for miter gate overhaul. The completion of this project increased the capacity of the Canal from 23 to 29 lockages per day while the center-wall culvert valves are being overhauled. During periods of one-lane operation the two-culvert arrangement increased the dependable capacity from 23 to 32 lockages per day. This project was completed in 1956 at a cost of $780,000.

(b) Cristobal Anchorage was enlarged to provide necessary additional anchorages and a turning basin for large, deep-draft vessels at the Atlantic entrance to the Canal. This project was completed in 1958 at a cost of $2.5 million.

(c) Paraiso Bend, one of the most hazardous turns in Gaillard Cut, was widened to increase the safety and navigability of the Canal. This project was completed in February 1959 at a cost of $1.8 million.

The current improvement program of the Board of Directors includes the following projects which will increase the dependable capacity of the Canal to the maximum number of vessels that can be handled by the locks:

(a) Lighting of the locks and Gaillard Cut will minimize accidents and increase Canal capacity by permitting two-way traffic at night. This project will be completed in fiscal year 1961 at an estimated cost of $1.5 million.

(b) Locks towing locomotives are being replaced with larger and faster machines. This project is scheduled for completion in 1963 at an estimated cost of $6 million. Additional locomotives will be added as traffic increases.

(c) Electronic ship dispatching and marine traffic control will permit maximum utilization of the locks. The number of ships that can then be handled through the locks will become the limiting capacity of the Canal. The electronic system was designed in 1959 and will be completed in about four years at an estimated cost of $1.8 million.

(d) Lock overhaul techniques are being modified to reduce the period of single-lane operation. It is estimated that outage time for overhaul of the miter gates can be reduced from six consecutive weeks to two consecutive weeks in each lane at each locks location. Overhaul in the second lane can be delayed a few days to permit the clearing of any accumulated vessels that have been held over. Under normal schedules, the overhaul at the Atlantic Locks would involve two two-week periods of single-lane operation. Two years later the Pacific Locks overhaul would require four two-week periods of single-lane operation. Then three years later the Atlantic overhaul would repeat and the cycle would continue. These modifications are in progress and will be completed in about four years at an estimated cost of $0.5 million.

(e) Completion of the widening of Gaillard Cut from 300 to 500 feet will reduce accident hazards and will increase the capacity of the Canal. Restrictions are now imposed upon the movement of vessels in the 300-foot reaches of the Cut. After widening, practically all ships will be permitted to meet and pass in all reaches of Gaillard Cut, thus permitting more efficient scheduling of ships. The widened portion of the channel will be dredged to a depth of 47 feet. This project was initiated in 1959 and can be completed in approximately 7 years, using Company dredges for the underwater portion of the work, at an estimated cost of $52.1 million. Of this total $7.4 million was under contract on January 1, 1960.

(f) The deepening of the channel from 42 to 47 feet will involve dredging of the original 300-foot width of the Cut, which was not deepened in conjunction with the widening projects, and some dredging in the channel through Gatun Lake and in sea level approach channels. This project will greatly improve ship maneuverability through Gaillard Cut at normal lake levels and will increase the supply of water for lockages during extremely dry periods. This project, when begun, will require about four years for completion, using Company dredges, at an estimated cost of $21.5 million.

(g) The south approach wall at Gatun Locks will be raised to its original elevation. Correction of the 4½ foot settlement will permit effective use of the fendering system and more satisfactory towing-locomotive operation. Design work has not been initiated for this project. It will require about two years for completion, at an estimated cost of $1.2 million.

Upon completion of the projects described above, the capacity of the present Canal with its present locks will reach its maximum. It will then be possible to keep ships moving into the locks as fast as they can be locked through. The single-lane capacity of 36 lockages per day at the Atlantic Locks will then become the dependable capacity of the Canal. Any further increase in capacity will require the construction of an additional lock lane or a sea level canal.

Following is a tabulation of the projects which have been approved by the Board of Directors:

TABLE 1

APPROVED CANAL IMPROVEMENTS

Project	*Cost*	*Completion Date*
Increase Capacity of Locks	$780,000	1956
Enlarge Cristobal Anchorage	2,500,000	1958
Ease Paraiso Bend	1,800,000	1959
Light Locks and Cut	1,500,000	1961
Replace Towing Locomotives	6,000,000	1963
Electronic Ship Dispatching	1,800,000	1963
Speed Locks Overhaul	500,000	1963
Widen Cut from 300′ to 500′	52,100,000	1966
Deepen Entire Channel	21,500,000	1968
Raise South Approach Wall, Gatun	1,200,000	1968
	$89,680,000	

PART IV

TRAFFIC GROWTH AND TRANSIT CHARACTERISTICS

A. TRAFFIC GROWTH

1. COMMERCIAL TRANSITS

A projection of the number and size of vessels that will transit the Panama Canal in the future is basic to any capacity determination and development plan.

There are no known economic indicators that provide direct correlations with Canal traffic movements. Previous experience has shown that projections of the volume and nature of commodities that will move over the trade routes passing through the Canal are the most reliable bases for estimating future traffic.

Three-fourths of the total cargo moving through the Canal is made up of eleven commodity groups. These commodities have been studied individually, in terms of area and world-wide supply and demand factors. All other commodities have been combined by trade routes, and estimates of future movements have been related to anticipated economic growth and development in the countries in the trade areas involved.

After estimating future cargo tonnages and probable load factors, the trends in size and type of general cargo vessels, tankers, ore carriers, and passenger vessels have been analyzed. The number of Canal transits required to move the estimated tonnages of various commodities have been thus developed.

Estimates of both cargo tonnages and Canal transits have been made for the years 1975 and 2000 and a straight line projection has been used for the intervening years. A summary of the commercial transit projection appears in Table 2, Projected Commercial Transits. It is interesting to note that the growth in size of tankers is expected to result in a marked reduction in the number of tanker transits, even though tonnage of petroleum products is expected to increase.

TABLE 2

PROJECTED COMMERCIAL TRANSITS

Type of Commercial Vessel	*Recorded No. of Ocean-Going Transits 1959*	*Estimated No. of Ocean-Going Transits 1975*	*Estimated No. of Ocean-Going Transits 2000*
General Cargo	7,963	9,980	13,500
Tankers	1,069	576	504
Ore Carriers	371	624	1,028
Passenger	315	350	420
Totals	9,718	11,530	15,452

Annex I, An Analysis of Future Commercial Freight Traffic Through the Panama Canal, provides the basis for the above estimates and gives details of Canal traffic projection.

2. GOVERNMENT TRANSITS

The number of United States Government vessels passing through the Canal depends on world conditions and other unpredictable factors. It has therefore been assumed that during the period under review no major adverse international incident requiring substantial movements of naval and military support vessels will develop, and that Government vessel movements will continue at present levels. In the forecast of the estimated number of transits for the period, a constant of 260 ocean-going U.S. Government transits per year has been used. Even a large variation in this figure will have little effect on total canal traffic.

B. TRANSIT CHARACTERISTICS

1. CYCLICAL VARIATIONS

The actual Canal traffic in any given year will not likely be the number of transits that appears on a straight line projection, since Canal traffic growth varies considerably from year to year. The Panama Canal must be prepared to accommodate the level of traffic which will exist at the peaks of these cyclical variations. Based on the record of the 1923-1939 period, annual variations of 15 percent above and below the average level of estimated commercial traffic may be expected. A Canal capacity of 115 percent of predicted averages is necessary to handle these cyclical variations.

2. PEAK DAY TRAFFIC REQUIREMENTS

Experience has shown that the number of ships arriving daily for transit is by no means constant. In the period FY 1955 through FY 1959, the number of ocean-going ships arriving for transit through the Canal has varied between 11 ships and 43 ships per day.

Determination of future capacity must consider the peaks to prevent costly delays to shipping. While estimated maximum daily traffic cannot be justified as a measure of the capacity required at any future date, the Canal must be capable of handling heavy concentrations of traffic without costly delays.

An analysis of past experience indicates that no great number of delays will occur if capacity is sufficient to meet daily peak demands equal to 125 percent of the annual daily average demands. Peak days in excess of 125 percent of daily average are infrequent; they occurred on only 17 days during FY 1955, 25 days during FY 1956, 29 days during FY 1957, 13 days during FY 1958, and 20 days in FY 1959. Therefore, in estimating the future requirements of the Canal, a factor of 125 percent of the annual daily average number of projected transits has been used to provide the capacity required to handle the volume of traffic which will present itself on moderate peak days. Ships that cannot be handled on extreme peak days will be held over for transit on the following day. An example of such a day is indicated for 1959 in Table 4.

3. COMBINED EFFECTS OF TRAFFIC VARIATIONS

Combining the allowance for cyclical variations from projected rate of growth, and the allowance for peak day variations, a capacity of 144 percent of estimated average daily transits should be provided.

C. GROWTH IN SIZE OF SHIPS

1. COMMERCIAL VESSELS

The size of the ships of tomorrow is of importance to any canal capacity study for four reasons:

(a) Size of vessels determines the number of transits required to handle the commodity flow that will pass through the Canal;

(b) Size of vessels determines the lockages that can be performed, since the larger ships frequently require twice the handling time of a vessel of average size;

(c) Large ships must be locked through singly, whereas two or more smaller vessels can be handled in a lock chamber simultaneously; and

(d) The larger vessels, because of draft restrictions, cannot economically use the present Canal; therefore consideration must be given to the effect of this limitation upon transportation economics.

A study has been made of the world-wide growth in ship sizes as evidenced by Canal experience and records of vessels recently delivered and under construction. Based upon this study, an estimate has been made of the numbers of larger ships that will transit the Canal in the future. A summary of these findings is presented in the following table:

TABLE 3

CANAL TRANSITS BY VESSELS WITH BEAM IN EXCESS OF 80 FEET

Year	*Percent of Commercial Transits*	*Number of Commercial Transits*
	ACTUAL	
1951	0.1	8
1953	0.3	28
1955	0.8	64
1957	2.0	179
1959	3.1	309
	ESTIMATED	
1975	7.4	853
2000	9.1	1406

Annex I, An Analysis of Future Commercial Freight Traffic Through the Panama Canal, and Addendum (on Size of Ships) dated December 1958, give details of the forecast of the size of the ships expected to transit the Canal in the future.

There are 29 known commercial ships afloat or under construction today that cannot transit the Canal because their beams exceed the width of the locks. There are approximately 250 additional vessels that can transit only in partially laden condition. These numbers are expected to increase substantially in the future. Under today's political and supply conditions, the majority of these large ships do not have occasion to transit the Canal. However, changes in the political situation or supply conditions on various trade routes in the future could change the current situation materially. Due to the preponderance of general cargo ships, which are expected to create practically no capacity problem, the number of these large bulk carriers that would use the Panama Canal, if capacity were available, would be a proportionately small percentage of the total transit demand. However, bulk cargo tonnage has grown from 6 million long tons in 1951 to 14 million long tons in 1959, and the use of larger bulk carriers would result in materially reduced costs of transporting ores and oil products.

2. GOVERNMENT SHIPS

Currently there are 40 naval vessels, 28 of them United States vessels, that cannot transit the Panama Canal because of their size. In times of emergency the United States would be limited to the use of supply ships no larger than about 40,000 DWT, and could not use, as troop ships through the Panama Canal, the larger passenger ships afloat today because of the existing limitations of the waterway.

Since national policy is involved, no predictions have been made as to future size-requirements for naval craft, military supply ships or troop ships, or the dependence that may be placed on the Canal in time of war.

D. TRAFFIC PROJECTION

The Canal must have the capacity to accommodate total vessel movements on moderate peak days during years in which traffic exceeds normal average growth. Vessel size has been considered in predicting the number of transits that will be required to handle future commodity movements. Movements of Government-owned or Government-chartered vessels have been projected at the current minimum level.

Table 4, Forecast of Daily Arrivals at the Panama Canal, presents the forecast of the number of ocean-going vessels expected to seek transit to the end of the century. Since the dependable capacity of the Canal is lowest during periods of Atlantic Lock overhaul, the Atlantic overhaul years have been selected.

TABLE 4

FORECAST OF DAILY ARRIVALS AT THE PANAMA CANAL

Atlantic Lock Overhaul Years	*Peak Day Traffic* *Normal Phase of Cycle* (1)	*High Phase of Cycle* (2)
1959 highest day	43 (3)	
1961	33	37
1966	35	41
1971	38	44
1976	41	47
1981	44	50
1986	46	53
1991	49	56
1996	52	59
2000	54	62

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(1) 125 percent of predicted daily average.
(2) Peak day plus 15 percent for cyclical variation.
(3) On February 11, 1959, 43 ships arrived, plus 7 held over from February 10; 33 transited and 17 were held until February 12.

PART V

CANAL CAPACITY VERSUS PREDICTED TRAFFIC

A. ASSUMPTIONS

In the following discussion on future Canal capacity it is assumed that all Canal improvements authorized by the Board of Directors will be completed. The indicated capacities are therefore those expected to be available from about 1971.

B. FACTORS WHICH AFFECT CANAL CAPACITY

The over-all Canal capacity is limited by the size of the locks, the width and depth of Gaillard Cut, the availability of water for lockages, and the number of lockages that can be processed in 24 hours.

1. CAPACITY OF THE LOCKS

Upon completion of approved Canal improvement projects, the capacity of the locks will determine the number of ships that can transit the Canal. There will undoubtedly be occasional delays in vessel dispatching and ship movements between locks, but under normal conditions ships can be fed into the locks as fast as they can be locked through.

The lockage interval represents the average elapsed time between the entrance of a ship into one lane and the time the lane is ready for the next lockage. Upon delivery of the initial increment of new towing locomotives, the normal lockage interval for each lock lane for a ship of average size is expected to be 70 minutes at Gatun Locks (3 lifts), 55 minutes at Miraflores Locks (2 lifts) and 35 minutes at Pedro Miguel Locks (1 lift). Present lockage intervals are 80, 60, and 40 minutes respectively.

The lockage interval for large ships, 80 feet or more in beam, is significantly greater than the time required for smaller vessels. Experience has shown that transit time increases rapidly as the beam increases beyond 80 feet. While a ship of 70-foot beam will require a lockage interval through Gatun Locks of 70 minutes, larger ships, such as the "Rio Grande," the "San Juan" and the "San Juan Merchant," which have beams of over 80 feet, require 110 minutes or more. Any increase in the percentage of large vessels materially reduces the number of ships the locks, and therefore the Canal, can handle.

Lockage procedures will be altered to obtain maximum capacity as traffic increases. Present procedure involves the use of one set of towing locomotives to tow a vessel completely through a lock lane, returning on the same track to receive another vessel.

Doubling the number of locomotives and crews will permit a second ship to enter a lock chamber before the preceding ship clears the second chamber in the same lane.

The lockage interval required under present procedures is expected to be 70 minutes at Gatun Locks as discussed above. The lockage interval utilizing additional locomotives is expected to be approximately 35 minutes. Thus adoption of this procedure will approximately double the dependable capacity of Gatun Locks.

The above procedure is currently employed during extended single-lane operation periods. Locomotives and crews are transferred from the lane taken out of service to the active lane.

Whenever it is necessary to take a lock lane out of service to overhaul gates and valves, the capacity of the Canal is reduced by approximately one-half. During these periods, and during outages due to breakdown, the capacity of the Canal is equal to the lockage output of a single lane operated around the clock.

The number of ships which may transit simultaneously through a lock chamber affects Canal capacity. The simultaneous passage of two or more ships through a lock chamber is referred to as a tandem lockage. It is regular practice to lock as a unit two or more vessels whose aggregate length does not exceed 750 feet. Although present experience indicates an average of 1.10 ocean-going ships per lockage, future capacity is computed on the basis of lockages averaging 1.15 ships. The improvement in lockage factor will be obtained by increasing the aggregate tandem lockage length when more powerful locomotives are placed in service.

2. SIZE LIMITATIONS

The locks are 110 feet wide. However, to lock a vessel through without having it damaged while under control of towing locomotives, a minimum of 4 feet of clearance is desirable between the sides of the vessel and the lock walls. The maximum beam of regularly transiting commercial vessels is therefore limited for all practical purposes to 102 feet. Although the navigable depth of the locks is approximately 41 feet, the draft of a wide-beam vessel may be restricted to as little as 35.5 feet because of possible interference with lock wall batter at a greater draft. This slope restricts the clear width of the bottom of the lock chamber to approximately 103 feet at Pedro Miguel Locks.

The maximum allowable vessel draft in Gaillard Cut, after completion of the current improvement program, will be about 38 feet. At present it is necessary to limit draft to as little as 33 feet, depending upon the characteristics of the vessel. Because of uncertain handling characteristics in confined waters, some of the largest ships may be limited to a lesser draft on their initial transits. After each such vessel proves itself capable of safe transit, progressively increased drafts may be allowed. However, in many cases the draft allowed for Panama Canal transits will not under any conditions reach the vessel's designed draft.

Considering all limitations of the Panama Canal following completion of planned improvements, the largest commercial vessel which can be expected to transit the Canal safely will have no greater beam than 102 feet and no greater draft than 38 feet. Annex V, The Handling of Live Superships Through Gaillard Cut of the Panama Canal, presents an explanation of navigation problems in restricted waters.

C. CAPACITY AVAILABLE FOR PROJECTED TRAFFIC

1. DURING NORMAL OPERATING CONDITIONS

Based on the predicted increase in traffic, the current normal operation of the Pacific Locks on a two-shift basis and Gatun Locks on a three-shift basis will be adequate after fiscal year 1961 for a short period of time. Additional operating crews and locomotives will be added as traffic requires until three-shift operations are in effect at all locks and relay or follow-up lockages are in effect at Gatun and Miraflores Locks. This potential maximum capacity would be approximately 76 lockages, or 87 ships, per day if there is an ample water supply. Water supply for lockages will be adequate; however, less water can be used for hydroelectric power generation, and additional thermal power generating equipment may be required before the end of the century.

2. DURING MITER GATE OVERHAUL PERIODS

As explained above, the Canal capacity is reduced during miter-gate overhaul periods to that of a single lane. The greatest reduction occurs at Gatun Locks where the capacity is reduced to 38 average-size ship lockages per 24-hour operation day. The corresponding figure for Miraflores Locks is 39 and for Pedro Miguel 41. These capacities represent the maximum that can be realized under optimum conditions after the current improvement program has been completed. The additional time required for passing large ships through the locks results in a further reduction in capacity. This reduction becomes greater as the number of large ships to be handled increases.

When planned improvement projects are completed, the Canal will be able to transit vessels—from time of their arrival in Canal Zone waters until time of departure—in an average of about 11½ hours. During miter-gate overhaul periods or unscheduled outages due to breakdown, when lockage capacity is reduced, there will be an increase in the time spent by vessels waiting for their transit turn. It is estimated this waiting time will average 12 hours during non-peak days for a total average elapsed time of approximately 24 hours spent by a vessel in Canal Zone waters. However, when waiting vessels on a given day exceed the locks capacity, substantially increased delays will occur. The cost of these delays to users of the Canal during miter-gate overhaul years is estimated to be from 20 to 30 million dollars per year during the latter part of this century.

As the locks structures and machinery grow older, failures will result in more frequent traffic interruptions. During 1958 the first serious structural fault necessitated single-lane operation of Pedro Miguel Locks for a period of approximately one month. Failures of valves and other mechanical equipment have already caused serious delays, and, as capacity of a single lane is exceeded, even short interruptions will be serious.

D. LOCKAGE REQUIREMENTS AND CAPACITY

As stated above, the dependable capacity of the present lock Canal is single-lane capacity, utilizing the maximum usable number of locomotives and crews and operating 24 hours per day. If ships could be scheduled and moved with precision, the locks would have a dependable capacity of 38 lockages per day. The added lockage time required to handle large vessels reduces this theoretical capacity from 38 to 36 lockages per day during the critical latter quarter of this century.

Table 5, Lockage Requirements vs Lockage Capacity, shows the predicted number of lockages required, obtained by dividing the number of vessels shown in Table 4, page 12, by 1.15, the number of vessels that can be handled in each lockage. The last column shows the dependable lockage capacity. The dependable capacity decreases from 37 to 36 lockages per day in 1976 because of the greater number of vessels predicted with beam in excess of 80 feet. Should the phenomenal increase in numbers of large ships seeking transit during the first six months of fiscal year 1960 continue, the single-lane lockage capacity would be reduced to 35 lockages per day long before the turn of the century. This trend will be carefully watched.

TABLE 5

LOCKAGE REQUIREMENTS vs LOCKAGE CAPACITY

Atlantic Lock Overhaul Years	*Peak Day Lockage Requirements (Based on 1.15 Vessels/Lockage)*		*Daily Lockage Capacity (Single Lane)*
	Normal	*High Phase of Cycle*	
1959 highest day	35		
1961	29	33	29
1966	31	36	37
1971	34	38	37
1976	36	41	36
REQUIREMENT EXCEEDS CAPACITY			
1981	38	44	36
1986	41	47	36
1991	43	49	36
1996	45	52	36
2000	47	54	35

PART VI

MAJOR IMPROVEMENT PLANS STUDIED

A. INTRODUCTION

The 1947 studies included comprehensive investigation of thirty canal routes across the American Isthmus. Of these only the projects within the Canal Zone were given serious consideration because the construction cost of all plans at other routes was considerably higher. In updating construction estimates to 1959 cost levels and reexamining construction methods, it was found that three of the plans selected in 1947 were still worthy of further study. In addition, the Nicaraguan lock canal was reconsidered. Thus four plans involving mechanical excavation methods were studied and evaluated.

New developments in the field of nuclear construction have made possible a permanent solution to the Canal capacity problem at a cost that, without taking into consideration unevaluated site-acquisition costs, would permit recovery of the investment out of operating revenues at present rates of tolls. A sea level canal at an entirely new location can be constructed by nuclear excavation at less than one-third the cost of a sea level canal in the Canal Zone, excluding site-acquisition costs, which undoubtedly would be substantial at locations other than the Canal Zone where such costs might not be involved. This plan offers great operating and financial advantages over all other major canal improvement proposals. Some details of construction methods and the means of handling problems inherent in nuclear explosives are discussed in this report, since this is a new field of engineering and construction.

B. PLANS STUDIED

1. THIRD-LOCKS CANAL

(a) **Principal Features.** The reconstruction of the Panama Canal in accordance with this plan would provide a lock canal capable of handling practically all commercial shipping through the year 2000. The plan contemplates the construction of a third lock in the vicinity of the existing lock sites. This is the least expensive plan, from the standpoint of over-all construction cost, which would serve all the needs of commercial shipping except the largest bulk carriers. The canal, so improved, would not pass modern aircraft carriers.

A third set of locks would be constructed in the vicinity of the present lock sites with chambers 140 feet wide, having a usable length of 1,200 feet and a minimum of 50 feet of water over the sills. The new locks at Gatun and Miraflores would be 3-lift and 2-lift respectively, and would be located in the existing third-locks excavations. The new Pedro Miguel lock would be located just to the west of, and roughly parallel to, the existing Pedro Miguel Locks.

The usable water supply in Gatun Lake would be increased under this plan by operating Gatun Lake over a wider draw-down range. Assuming that under normal conditions only large vessels would use the large locks, the water supply is considered adequate, even during exceptionally dry years, to handle the predicted average of 62 transits per day in the year 2000.

(b) **Service Life.** This plan would provide a canal that should serve the needs of commerce, with certain limitations, to the end of this century, depending on the remaining life of the existing locks structures.

(c) **Construction Time and Cost.** The estimated construction time is nine years, including two years for authorization and preliminary engineering.

The estimated construction cost is $733.1 million. The proposed construction schedule would require an average annual expenditure of $81.4 million and a probable maximum annual expenditure of $190 million.

Details of construction methods and cost are presented in Annex III, Revision of Cost Estimates for Long Range Improvements, where this plan is identified as Plan II.

2. CONSOLIDATED THIRD-LOCKS CANAL

(a) **Principal Features.** This plan proposes to deepen and widen the channel, construct a new large lock at Gatun and another at Miraflores, add another level to the existing Miraflores Locks, raise Miraflores Lake to the level of Gatun Lake, and remove the existing Pedro Miguel Locks. It would be adequate to pass all commercial vessels up to the year 2000, but would not pass modern aircraft carriers.

The ship channel would generally follow the present alignment and would have a minimum section 55 feet deep and 500 feet wide. The curves in Gaillard Cut would be improved.

The new locks at Gatun and Miraflores would be 200 feet wide by 1,500 feet long with 50 feet of water over the sill. They would be constructed in three lifts in the existing excavations for the third locks.

With the elimination of Pedro Miguel Locks, Miraflores Lake would be raised to the elevation of Gatun Lake.

Under this plan, the water supply would be augmented by channel deepening and the addition of Miraflores Lake watershed to that of Gatun Lake. By utilizing the increased depth of the Gatun Lake channel and assuming that most ships would normally use the present smaller locks, the water supply is considered adequate, even during exceptionally dry years, to handle the predicted average of 62 transits per day in the year 2000.

(b) **Service Life.** This plan, like the Third-Locks Plan, would provide a canal which, within its limitations, should serve the needs of commerce until the end of the century, depending on the remaining life of the existing locks structures.

(c) **Construction Time and Cost.** The estimated construction time is twelve years, including two years for authorization and preliminary engineering.

The estimated construction cost of the Consolidated Third-Locks Canal is $1,020 million. The proposed construction schedule for this project would require an average annual expenditure of $85 million and a probable maximum annual expenditure of $190 million.

Details of construction methods and cost are presented in Annex III, Revision of Cost Estimates for Long Range Improvements, where this plan is identified as Plan III.

3. ZONE SEA LEVEL CANAL

(a) **Principal Features.** The Sea Level Canal would follow generally the alignment of the existing Panama Canal in the regions of deepest cut. Elsewhere the alignment would take advantage of the most suitable terrain to meet improved standards of curvature. Flood-control structures, consisting of dams, spillways, and channels, would be constructed to intercept, regulate, and divert the flows of all streams tributary to the Canal. The capacity of the sea level canal would be unlimited. All ships afloat or foreseen could transit such a canal. Should ships of the future require greater draft, it could be provided by dredging a deeper channel.

The channel would be 60 feet deep and 600 feet wide. The channel cuts would be made stable by the suitable flattening of slopes.

Plate 2, Zone Sea Level Canal, shows the location and alignment of the canal.

(b) **Service Life.** The sea level canal can be perpetuated by periodic dredging. Unlike a structure, its life can be extended for centuries. It can be widened and deepened, if need be, without interrupting traffic. The sea level canal can be made to serve the needs of world shipping as long as ships sail the seas.

(c) **Construction Time and Cost.** The estimated construction time is twelve years, including two years for authorization and preliminary engineering. The estimated construction cost is $2,286.9 million. The proposed construction schedule for this project would require an average annual expenditure of $191 million and a probable maximum annual expenditure of $425 million. It would be necessary to close the canal to traffic for only about 10 days during the final stage of the conversion.

(d) **Tidal Regulation.** The Pacific tidal range is approximately 21 feet, whereas the Atlantic tidal range is only 1.5 feet. This variation would, at infrequent times, cause currents in the channel to a maximum of 4.5 knots. If experience demonstrated a need for tidal regulation, then tidal control structures could be built, but would be needed only when traffic delay became objectionable and not for several decades. The additional cost of tidal-regulating structures is estimated at $168.5 million.

Details of construction methods and cost are presented in Annex III, Revision of Cost Estimates for Long Range Improvements, where this plan is identified as Plan IV.

4. NICARAGUA LOCK CANAL

(a) **Principal Features.** The Nicaragua Lock Canal would extend from Brito on the Pacific coast to Greytown on the Atlantic coast. From deep water to Miramar lock, a distance of 4.4 miles, the canal would be at sea level. At Miramar two parallel two-lift locks, 200 feet wide by 1,500 feet long, would raise ships to the lake level at approximately 105 feet above sea level. The length of the summit level section would be 150.6 miles. At the East Divide locks, two parallel two-lift locks would lower vessels to sea level. From the locks to deep water in the Caribbean Sea, the channel would be 15 miles long. The total length of the canal would be 173 miles. The channel would have a minimum depth of 55 feet and a width of 500 feet. The present Panama Canal would not be required in order to meet the needs of commercial traffic if this canal were constructed.

The canal and locks would accommodate all commercial vessels to the year 2000, but would not pass modern aircraft carriers.

Plate 3, Nicaragua Lock Canal, shows the location of this canal.

(b) **Service Life.** This plan would provide a canal which, within its limitations, should serve the needs of commerce for a century or longer.

(c) **Construction Time and Costs.** The estimated construction time is twelve years, including two years for authorization and preliminary engineering. The estimated construction cost is $4,095 million. The proposed construction schedule for this project would require an average annual expenditure of $341 million and a probable maximum annual expenditure of $765 million.

Details of construction methods and cost are presented in Annex III, Revision of Cost Estimates for Long Range Improvements, where this plan is identified as Plan V.

5. SEA LEVEL CANAL EXCAVATED WITH NUCLEAR EXPLOSIVES

(a) **Nuclear Excavation of a Sea Level Canal Is Feasible Today.** The excavation would be accomplished by simultaneously detonating groups of nuclear explosives spaced so that a channel would result. In this manner the explosions would reinforce each other, blowing broken material from the canal bed in the same manner as do chemical explosives when used in excavating a ditch. Although no nuclear explosives have been detonated with excavation as their purpose, much general information is known concerning the cratering effects of nuclear explosives. Analyses of the results of four underground nuclear explosions at the Nevada Test Site which resulted in craters provide a reasonable understanding of the phenomenology of nuclear cratering and the extent and degree of distribution of radioactive debris. This knowledge has been amplified and related to other media by correlation with high-explosive cratering test data and theoretical studies. From these data there has been developed an empirical scaling law by which crater dimensions can be estimated for given yields, at given depths, and in various soils. Prior to undertaking the detailed engineering of a canal, there should be much more experimental information secured relative to scaling in various media and distribution of radioactive debris. However, the information available now, and analyses made to date, are sufficient to demonstrate the feasibility of construction of a transisthmian canal by nuclear excavation.

Annex VI, Engineering Plan for Construction of a Sea Level Canal by Nuclear Methods, presents details of construction methods and cost, and Annex VII, Nuclear Construction of a Sea Level Canal and Cost of Nuclear Construction, presents scientific data on the use of nuclear explosives for construction purposes.

(b) **Advantages of Nuclear Excavation.** A sea level canal project involves the excavation of several billion yards of earth and rock. Nuclear explosives will shatter, transport, and re-deposit the excavated material at a fraction of the cost of excavation by mechanical methods.

Nuclear excavation of a canal can be accomplished in about one-half the time required for mechanical excavation. The construction equipment, plant, and force required to excavate a sea level canal by customary methods would be many times that required for nuclear excavation.

A canal with twice the width and depth of the least costly sea level canal that can be built by mechanical methods could be excavated by nuclear methods at approximately one-third the cost. Ample dimensions would assure safe transit of the largest vessels and would provide a canal that should be maintenance-free for many decades.

No canal is completely invulnerable to nuclear attack, but a sea level canal could not be easily damaged and, if remote from population centers, could be restored to service quickly by nuclear clearance of obstructions. The added width and depth of a sea level canal excavated by nuclear methods reduce the danger of closure from any cause.

(c) **Routes Investigated and Cost Estimates.**

Five transisthmian routes on which engineering data are presently available were considered for nuclear canal excavation. The cost estimates for each of these routes include the cost of nuclear explosives and all construction and engineering costs, but do not include any allowance for right-of-way and treaty costs. The present Panama Canal would not be required in order to meet the needs of commercial traffic if a sea level canal were constructed at one of these routes.

Plate 1, Routes Considered for a Sea Level Canal Excavated by Nuclear Methods, shows the location of these routes.

The Tehuantepec route across Mexico would require the greatest explosive yield and involve the highest construction cost of all routes considered. In addition, it is more heavily populated than the other routes. The estimated cost of constructing a sea level canal at this location by nuclear methods is $2,270 million.

The Nicaragua route near the Costa Rican border would require the second highest explosive yield and construction cost. The estimated cost of constructing a sea level canal at this location by nuclear methods is $1,850 million.

The San Blas route in Panama is the shortest and least costly to construct, but it is only 25 to 40 miles from population centers. This situation might preclude the use of the high-yield nuclear explosives that would be necessary to accomplish the excavation through the continental divide, which reaches an elevation of 1,100 feet above sea level. Of the routes considered, this route is the best suited to the excavation of a sea level canal by nuclear methods if the results of tests indicate that the required yields are permissible. The estimated cost of constructing a sea level canal at this location by nuclear methods is only $620 million.

The Sasardi-Morti route in Panama would require the second smallest total explosive yield and would cost less to construct than any route except the San Blas. It is remote from population centers, in an unsettled and undeveloped region. The estimated cost of constructing a sea level canal at this location by nuclear methods is $770 million.

The Atrato-Truando route in Colombia requires an explosive yield about fifty percent larger than the Sasardi-Morti route. About three-fourths of this route lies in an alluvial plain. This route is entirely undeveloped, sparsely settled, and remote from population centers. The estimated cost of constructing a sea level canal at this location by nuclear methods is $1,210 million.

The Sasardi-Morti, and possibly the San Blas route in Panama and the Atrato-Truando route in Colombia, appear to be the more favorable of the five routes considered. The geography of the Isthmus is such that each route would offer approximately equal advantages to ocean commerce.

Should a new, cheap, nuclear explosive become available, costs directly associated with nuclear excavation might be reduced to one-third of present estimates. This could result in a reduction of thirty percent in total project cost.

Additional data on topography and air blast effects in the Central American area may lead to the selection of a route for nuclear excavation that has not yet been considered. For nuclear excavation, the most important controls in route selection are the elevation of the highest terrain encountered and the remoteness of the route from populated areas. Since the largest explosive required is strongly dependent on the maximum elevation, a route with a low pass is very desirable. The maximum total yield of a single detonation will be determined by the air blast pressure it would produce at nearby population centers.

(d) **Capability and Safety of Nuclear Excavation Must Be Demonstrated.**

(1) **Capability.** Present nuclear explosives have been designed to meet military needs. Maximum yield in a minimum package generally has been given more emphasis than have low fission yield and economy. Although it is feasible to excavate a sea level canal with nuclear explosives presently available, it is the considered opinion of nuclear scientists that further research and development are desirable to secure additional information on the phenomenology which may result from nuclear excavation, and to develop explosives more effective and economical for the purpose.

Plowshare Project "Chariot," an experimental harbor-excavation project in Alaska, will provide a part of the information required on simultaneous multiple detonations and should confirm the predictions of fallout reduction and air blast attenuation. Project "Chariot" will also add to the store of information necessary to predict the effectiveness of higher-yield detonations. Planning and preparation for this project are well under way. If appropriate authority is obtained as the project progresses, the experiment can be conducted as early as April 1961.

Following this project, at least three additional low-yield nuclear detonations in basalt and other minerals that will be encountered in canal excavation are necessary. Numerous high-explosive tests will also be made to develop further information on charge spacing, blast effect, effect of different types of media on crater size, and to establish more dependable scaling laws.

The use of new, cheap, less radioactive, and more adaptable explosives would reduce cost and make the project more acceptable to neighboring populations. Nuclear scientists are hopeful that the development of such explosives can be completed in a few years of testing activities. This would leave sufficient time for construction of the canal before the present facilities become inadequate.

The above developmental program is within the scope of the Atomic Energy Commission's mission and could be included in its regular budget programs.

(2) **Safety.** In the excavation of a canal by nuclear explosives, protection must be provided against possible adverse effects of residual radioactivity, atmospheric blast, and seismic disturbance.

Underground nuclear detonations to date have indicated that it is possible to contain a large portion of the radioactive debris and still develop effective craters. Theoretical analyses supported by available experimental data indicate that it should be possible to accomplish excavation in the manner proposed while still containing 90 to 95 percent of the radioactive debris underground. If the explosives used were the cleanest which could be made today, it is estimated that debris equivalent to some 300 KT of fission yield (enriched several fold in strontium 90) would escape to the surface. (To date, nuclear testing nations have fired some 90,000 KT of fission in the atmosphere.) Substantially all of the escaping fission debris would fall out in the close vicinity of the detonation. It is estimated that residents living within 10 to 15 miles of the canal axis would have to be removed permanently or for periods as long as several months. It might be necessary to evacuate temporarily or to shelter residents living at distances as great as 50 miles. If very low-radioactive nuclear explosives become available, a zone only 20 miles wide would have to be temporarily evacuated.

Burial of the detonation should muffle to an extent atmospheric blast propagation. The distance at which atmospheric blast can be damaging is influenced greatly by prevailing wind and weather conditions. However, it is estimated that a buried charge of several MT's (as a single shot or as a string of multiple shots) could be detonated at 30 miles from an inhabited area without causing significant damage to structures or persons, providing proper wind and weather conditions were selected.

Although seismic effects should not be the limiting factor in establishing the size of any one shot, detailed geologic and seismic studies will be necessary to confirm this estimate.

The effects of nuclear excavation on localized land and marine life and potable water supply, must be considered, particularly as they affect human beings. Assurance of biological safety may be obtained by: (a) making a series of pre-excavation technical studies (including hydrological, meteorological, geological, biological and high explosive model studies); (b) securing control of a protective zone and firing only when meteorological conditions are such that the fallout and blast hazard are limited to this zone; and (c) demonstrations with nuclear excavations. If clean nuclear explosives can be used, the biological program directed at radioactive effect can be eliminated or simplified.

Additional information on the potentialities of nuclear explosives and the precautionary measures needed to protect property and mankind are included in Annex VII, Nuclear Construction of a Sea Level Canal and Cost of Nuclear Excavation.

(e) **Construction Time Schedule.** Four years would be required to complete authorization and preliminary work including:

(1) Research and experimentation to determine as exactly as possible the effects to be expected from the use of nuclear explosives in ex-

cavation and to demonstrate the practicability and safety of such use.

(2) Research on the feasibility of new, clean, cheap, and adaptable nuclear explosives. This development should be pursued actively to assure the availability of the best explosives at the time canal construction is initiated.

(3) Conduct of necessary surveys and studies of the area, including ecological, geological, meteorological, and seismic.

(4) Selection and completion of negotiations for the route.

The fifth and sixth years would be devoted to engineering and scientific surveys, and area sanitation. During this period construction facilities such as access roads, harbors, piers, airports, and camps would be constructed. At the same time the engineering surveys, geological investigations, seismologic tests, and bioenvironmental program would be accomplished.

Excavation would be accomplished during the seventh and eighth years.

The ninth and final year would be required to install aids to navigation, construct permanent employee facilities, and build structures essential to the operation and administration of the canal.

At the end of this nine-year period, the new sea level canal would be opened to world commerce.

(f) **International Aspects of the Project.** The sea level canal would satisfy all future requirements of world commerce.

Nuclear excavation offers the only possible means of constructing a sea level canal, the economics of which permit full recovery of direct operating and maintenance costs and interests on and amortization of the cost of construction at current rates of tolls. The development of new, cheap, clean explosives would be most helpful but is not necessary to accomplish this task.

When the public has become accustomed to nuclear explosions for peaceful purposes and there is general acceptance of them, and it is understood that such explosions are manageable and unlikely to endanger human lives, the time would then appear to be at hand to consider negotiation for a canal site. The Department of State, with the proper authorization, would undertake this task.

C. VULNERABILITY—RECOVERABILITY

Any lock canal depends upon a lake or reservoir for lockage water. The impounding dams and lock structures are vulnerable to military destruction. Not only must damaged structures be repaired, but reservoirs must be refilled, requiring several years, depending upon rainfall, before lock operations can be resumed.

A sea level canal consists of an open channel with no water storage or major structures. Should flood-water control structures be destroyed navigation would not be completely disrupted.

The relative vulnerability of lock and sea level canals has been investigated and the following conclusions have been developed:

1. Any canal can be closed for varying periods of time by a determined enemy attack.
2. There is little difference between the vulnerabilities or recoverabilities of the proposed lock canals.
3. Rehabilitation of a lock canal following a destructive atomic attack would require several years, during which time world commerce would be seriously disrupted.
4. Depending on the type of non-nuclear attack, operation of a lock canal would be disrupted from a period of a few hours to several years.
5. A sea level canal could be rehabilitated rapidly after a single nuclear attack. It is highly improbable that such a canal could be effectively blocked for more than a few days or weeks by a single attack. Non-nuclear attack could not close a sea level canal for a significant period.

An analysis of the comparative vulnerability of lock-type and sea level canals is included in Annex II, Summary of Vulnerability Study.

D. GENERAL COMPARISON OF PLANS

The sea level canal plans provide the only permanent and adequate solution of all canal capacity problems. A sea level canal could accommodate greater numbers of ships than are expected to seek transit in the foreseeable future and would provide safe transit for the largest commercial and naval vessels. A sea level canal can be excavated by nuclear methods at a cost comparable to the least costly third-locks plan. In view of the decisive advantages of a sea level canal, it is the opinion of the Board of Directors that first priority consideration should be given to a sea level canal excavated by nuclear methods, and second priority be given to a sea level canal constructed in the Canal Zone by conventional methods.

Table 6, Comparative Operating Data, summarizes comparisons of the important operating features of the various plans discussed in this report.

TABLE 6

COMPARATIVE OPERATING DATA

Plan	*Vessel Transit Time (hours)*	*Dependable Capacity (ships per day)*	*Average Cost Per ship for Time in Transit* (See Note 2)	*Pilotage Required*	*Ability to Transit All Vessels*
Present Canal with Improvements....	12	40 (See Note 1)	$1,500	Yes	No
Third Locks Canal..	12	Ample	$1,500	Yes	No
Consolidated Third Locks Canal......	10	Ample	$1,250	Yes	No
Zone Sea Level Canal	4	Ample	$500	Yes	Yes
Nicaragua Lock Canal	20-24	Ample	$2,500	Yes	No
Sea Level Canal Constructed by Nuclear Methods.........	4	Ample	$500	No	Yes

Notes: 1. Maximum capacity single-lane operation.
2. Assumed average ship operating costs—$3,000 per day.

PART VII

OPERATION AND MAINTENANCE COSTS

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A. STATUTORY FISCAL REQUIREMENTS

Under the Panama Canal Company Act (5) the Panama Canal Company is required to recover as nearly as practicable all costs of operation and maintenance of its facilities, including depreciation. The Company is also required to pay interest to the United States Treasury on the net direct investment of the United States Government in the Company, and to reimburse the United States Treasury for the annuity payments to the Republic of Panama provided under the 1936 Treaty and for the net costs of operation of the Canal Zone Government, including depreciation of fixed assets. The enterprise as a whole is designed to be financially self-sustaining, and the Company finances its operations out of its own corporate funds. The Company, as authorized by law, may establish and modify rates of tolls as required. Appropriations may be sought for capital projects such as the major improvements contemplated under any of the plans included in this report.

It is assumed that any major canal improvement plan would be financed by appropriations and that the Company would be required to recover fixed and operating costs as required by the Panama Canal Company Act.

B. EFFECT OF FORCE REQUIREMENTS ON OPERATION AND MAINTENANCE COSTS

The number of employees required for the specific purpose of operating and maintaining a lock canal is well over 3,000. For such a force the Company would necessarily furnish numerous supporting activities as at present. These services would require an additional 10,000 employees.

For a sea level canal, the required number of employees is estimated to be less than 350. As a result, supporting services would be minimal and they could very well be placed primarily upon the economy of the country in which the canal is built. Channel-maintenance dredging, if ever required, could be performed by contract. Because of these differences, the cost of personnel services used in operating and maintaining a sea level canal would be far less than that for a lock canal.

C. ASSUMPTIONS USED FOR ESTIMATING COSTS

For the purpose of estimating the costs of the various canal improvement plans, the following financial assumptions have been made:

1. Operating costs, toll rates, and revenue estimates have been based on 1959 rates and cost levels and 1959 Canal traffic.
2. The interest rate of 2.555 percent used in all calculations is the rate fixed by the Secretary of the Treasury for 1959 interest payments on the United States Government investment in the Panama Canal.
3. The interest base for all plans includes the net direct interest-bearing investment of the present Canal in fiscal year 1959 plus the appropriated amount for new construction of each plan.
4. Interest during construction in the amount of 2.555 percent per annum on the capital cost of the improvements for one-half of the construction period has been applied, assuming uniform rate of construction expenditures throughout the estimated construction period. Interest during construction has not been included in the interest

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(5) Act of June 29, 1948 (62 Stat. 1076) as amended by Act of September 26, 1950 (64 Stat. 1041).

base, but has been included in the base for calculating depreciation and amortization.

5. All new and retained assets in all proposed canal improvement plans have been depreciated or amortized on a comparable basis. Excavation and earth dams have been amortized at the rate of one percent per year in this study. In addition, the amortization of the equity in the present Canal has been applied to the sea level canal plans and the Nicaraguan lock-canal plan.
6. No treaty or right-of-way costs have been included in any of the plans. It is obvious that this factor might be controlling in the determination of where to build a canal. The treaty or right-of-way costs at one location may be so high as to render use of that site uneconomical, notwithstanding the possibility of lower costs of construction and operation there. These costs are too speculative to estimate, but they will have to be determined before final decisions can be made as to location and method of construction.
7. Computations of costs of the canal plans at remote locations do not include the cost of continuing the operation of the existing Panama Canal.

D. ANALYSIS OF PROJECTED MARGINS OR DEFICITS

At FY 1959 rates of tolls, assuming each plan to have been in operation in FY 1959, the Company would have experienced the operating results indicated below:

Third-Locks Canal	$31,400,000	(deficit)
Consolidated Third-Locks Canal	42,600,000	(deficit)
Zone Sea Level Canal	58,400,000	(deficit)
Nicaragua Lock Canal	180,800,000	(deficit)
Nuclear Sea Level Canal (Sasardi-Morti route)	2,500,000	(deficit)

E. OPERATING COST COMPARISONS

From the above analysis of the various canal improvement plans, it is apparent that the sea level canal excavated by nuclear explosives, is the most economical from the standpoint of construction and operating costs, exclusive of the unknown factor of site acquisition costs. Although no projection of costs in future years is made in this report, it is in this area that increased labor and commodity costs would have a drastic effect on the economics of operating and maintaining any lock canal requiring a large number of employees. Assuming that the costs of labor and commodities continue to increase during the next 40 years as they have throughout the past 40 years, it would be necessary to double tolls to recover the cost of operating either of the third-lock plans by the end of the century. In comparison, the sea level canal in the Canal Zone would break even at the turn of the century; the sea level canal constructed by nuclear methods would break even from the date of completion and continue to show an improving margin at present rates of tolls.

Studies have indicated increases in toll rates, if reasonable, would not cause an appreciable reduction in traffic or disturb the trade now using the Canal. These studies show also that although large tolls-rate increases would seriously affect many trade movements now using the Canal, including the intercoastal trade of the United States, the gross revenues from tolls would nevertheless be increased. Radical increases in tolls should not be made; the mission of the Canal is to serve world commerce and not to develop maximum revenues. It might therefore be necessary to subsidize for a decade or two, the operation of a sea level canal constructed within the Zone by mechanical methods, until traffic growth permitted cost recovery at reasonable tolls rates.

See Annex VIII, Effects of Increases in Tolls Rates on Panama Canal Traffic, for an analysis of the effect of tolls increases upon the volume of Panama Canal traffic.

Should it develop that the San Blas Route is satisfactory for nuclear construction, this route again excluding the cost of acquiring the site, would be most favorable from the standpoint of initial cost and the cost of operation and maintenance.

Table 7, Comparative Financial Operating Data, presents relative financial operating results for the various plans. Detailed calculations of these plans are contained in Annex IV, Operation and Maintenance Costs.

TABLE 7

COMPARATIVE FINANCIAL OPERATING DATA

			ESTIMATED REVENUES AND COSTS AT 1959 LEVELS (In Millions of $)						
			Revenues		*Costs*				
Plan	*Estimated Construction Costs (Millions of $)* (Note 1)	*Construction Time (years)* (Note 2)	*Tolls*	*Canal Operations*	*Operation and Maintenance*	*Annual Depreciation*	*Annual Amortization* (Note 3)	*Annual Interest*	*Annual Deficit*
Present Canal with Improvements....................	–	–	46.5	3.7	32.4	5.8	3.1	9.4	0.5
Third-Locks Canal...........	733.1	9	46.5	3.7	33.7	13.3	6.5	28.1	31.4
Consolidated Third-Locks Canal	1,020.9	12	46.5	3.7	32.0	18.5	6.8	35.5	42.6
Zone Sea Level Canal........	2,286.9	12	46.5	0.4	5.1	3.0	29.4	67.8	58.4
Nicaragua Lock Canal........	4,095.0	12	46.5	3.7	37.0	54.0	26.9	113.1	180.8
Sea Level Canal Constructed by Nuclear Methods (Sasardi-Morti route).............	770.0	9	46.5	0.8	6.7	3.5	11.2	28.4	2.5

Notes: 1. Includes no treaty or right-of-way costs.
2. Includes preliminary studies and mobilization.
3. Amortization not applicable under present accounting concepts.

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SUMMARY AND RECOMMENDATIONS

A. INTRODUCTION

The Panama Canal Company has made a comprehensive study and projection of the volume and composition of Panama Canal traffic to the end of the century. The Company has also examined the adequacy of the present Canal to meet the future needs of ocean commerce after completion of scheduled improvements. A long range plan for improvements and eventual complete replacement of the present Canal has been developed. This report presents the results of these studies and the plan recommended by the Company.

B. PROBLEMS

The present lock Canal could handle the anticipated number of vessels that can pass its dimensional limitations to the end of the century if (1) ships were to arrive for transit at a uniform daily rate, if (2) it were possible to schedule and control the transits through the Canal and the arrival of vessels at the locks with precision, and if (3) it were possible to keep both sides of the two-lane lock system in service without interruption for overhaul or unscheduled outages.

The Board of Directors has approved plans to widen the entire Cut to a width of 500 feet, to install an electronic traffic control system, and to make other improvements that will eliminate lost time in the channel and permit maximum utilization of the locks. It is necessary, however, to close down lock chambers and culverts periodically for the overhaul of miter gates, valves, and various heavy electrical and mechanical equipment. These periodic overhauls have heretofore required several months of single-lane locks operation. New techniques will reduce these periods as follows. Overhaul at the Atlantic Locks will require two periods of two consecutive weeks each of single-lane operation. Two years later the Pacific Locks overhaul will require four such periods of single-lane operation. This complete cycle is repeated every five years. Failure of locks machinery or structures, and vessel accidents, also necessitate single-lane operation. Failures of this nature are increasing as the locks grow older and traffic approaches capacity limits.

The dependable capacity of the Canal, operating one lane only, will be 36 lockages per day. Projections indicate that this capacity will be exceeded on a regular basis by the early 1970's. It is approached and at times exceeded today.

Ship owners can be notified of overhaul schedules, and vessels can be held up to some extent during periods of single-lane operation, so long as delays do not become excessive. During the early 1970's it is probable that all ships held over on peak days will be moved out within a day or two, but by the 1980's holdovers will probably be cumulative each day from the first day of single-lane operation until the full two-lane capacity is restored and the accumulation of shipping cleared out. Such a situation would subject ship operators to unreasonable delays and substantial financial losses which would not long be tolerated. The majority of these losses would affect the United States economy.

The first and basic problem, and one that must be solved, is the provision of additional dependable Canal capacity. The project required to provide this capacity must be completed by 1980 at the very latest. Earlier accomplishment would be desirable; it will be essential if traffic continues to grow at the current rapid rate. Although there is no reason to modify the 1957 traffic forecast upon which this report is based, the conservatism of the predictions is indicated by the fact that an increase in traffic throughout the 1960's at the rate experienced in the 1950's would result in traffic by 1970 equal to the prediction for the year 2000. This forecast must be reviewed frequently, and this the Company proposes to do.

The second major problem is that of providing the dimensional capacity to transit large commercial vessels and modern naval aircraft carriers. The size limitations now placed upon commercial vessels add to the cost of transporting bulk products. Vessels in the 40,000 to 100,000-ton class are being built in ever-increasing numbers, and the economic advantages of these larger vessels will increase as labor and fuel costs rise. It is doubtful that there is present economic justification for making the investment necessary to provide a waterway capable of handling these large ships in the limited numbers that can be expected to seek transit through the Canal. However, the use of large bulk carriers in moving vital imports such as oil products and ores during a period of national emergency or industrial reconstruction might be of great importance to the United States. The Panama Canal Company is not in a position to decide whether or not the inability of the Canal to pass aircraft carriers in any way affects the defense of the United States and the Western Hemisphere. This factor has not been evaluated in arriving at the recommendations contained in this report.

C. SOLUTIONS

After review of all the plans of the 1947 Studies and other plans for providing increased canal capacity, detailed consideration has been given to the following five basic plans.

THIRD-LOCKS CANAL

This plan provides a third set of locks with chambers 140 feet wide by 1,200 feet long and an improved channel 500 feet wide by 50 feet deep. The present locks would be continued in service. The added lock lane would be used to supplement capacity as needed and to transit most of the vessels that are too large to pass through the present locks.

CONSOLIDATED THIRD-LOCKS CANAL

This plan provides a third set of locks with chambers 200 feet wide by 1,500 feet long and a channel 500 feet wide by 55 feet deep. Under this plan an additional level would be added to the existing Miraflores Locks, which would raise Miraflores Lake to the level of Gatun Lake. Pedro Miguel Locks would be removed. The present locks at Gatun and Miraflores would be continued in service. The added lock lane would be used to supplement capacity as needed, and to transit commercial vessels too large to pass through the present locks.

SEA LEVEL CANAL IN THE CANAL ZONE

This plan provides a sea level canal within the present Canal Zone. The channel would be 600 feet wide and 60 feet deep. Gatun Lake would be drained and the present lock canal would be completely abandoned except for those portions of the present channel which would coincide with the alignment of the sea level canal.

NICARAGUA LOCK CANAL

This plan provides a lock-type canal utilizing Lake Nicaragua at elevation 110 feet above sea level and providing two parallel one-lane, two-lift locks on the Pacific coast near the town of Brito and a similar set of locks on the Atlantic coast near Greytown. The lock chambers would be 200 feet wide by 1,500 feet long with a navigable depth of 50 feet, and the channel would have a controlling depth of 55 feet and a width of 500 feet.

SEA LEVEL CANAL EXCAVATED BY NUCLEAR METHODS

This plan provides a sea level canal across the American Isthmus by nuclear excavation methods. The channel would be a minimum of 1,000 feet wide and 60 feet deep.

Recent tests have disclosed the fact that nuclear cratering explosions have a great excavation capability. Blast damage and radioactive contamination can be controlled to acceptable levels. Furthermore, there is reasonable assurance that the development of new explosives will virtually eliminate radioactive atmospheric contamination. Nuclear excavation will permit construction of a sea level canal at less than one-third of the cost of converting the present canal to sea level by conventional methods.

There are two routes in Panama and one in Colombia that appear to be well suited for nuclear construction. Further studies may lead to a preference for other routes in any one of five Latin American countries.

D. EVALUATION OF PLANS

1. CAPACITY

Any of the above plans would provide adequate capacity for the number of transits expected to the end of the century.

The width of the locks in all of the lock-canal plans would be inadequate to accommodate modern aircraft carriers. Further, it is possible that the fixed 50-55 foot depth of the locks might limit the draft of commercial ships of the future. Theoretically a lock-type canal could be built to handle the vessels of 100,000 to 150,000 dead weight tons that are in the planning stage today, but such vessels could create serious delays and handling problems in actual lockage operations.

2. VESSEL DELAYS

Any lock canal requires at least one hour for raising a vessel from sea level to lake elevation, and an equal period for lowering it to sea level. In addition, peak traffic conditions inevitably result in increased delays under any lock-canal plan.

A sea level canal would require no overhaul and would involve no machinery or structures subject to failure. Such a canal would also eliminate the two- to three-hour lockage time and the waiting time for scheduled transit. Average transit time would be about one-half the transit time for a lock canal. This transit time reduction would mean very substantial savings to the shipping industry. The savings would increase as traffic and ship sizes increase. See Table 9, Comparison of Principal Improvement Plans Considered, for transit-time requirements for the various plans.

3. FUNDING AND INVESTMENT

Appropriations would be necessary to finance any of the above plans. Following is a comparison of funding and investment data:

TABLE 8

COMPARISON OF CONSTRUCTION TIME AND ESTIMATED COST OF FIVE IMPROVEMENT PLANS

Plan	*Estimated Construction Cost* (1)	*Estimated Peak Annual Construction Expenditures*	*Duration of Construction Period*
Third-Locks Canal............	$733,100,000	$190,000,000	9 years
Consolidated Third-Locks Canal..	$1,020,900,000	$190,000,000	12 years
Zone Sea Level Canal...........	$2,286,900,000	$440,000,000	12 years
Nicaragua Lock Canal..........	$4,095,000,000	$765,000,000	12 years
Sea Level Canal Constructed by Nuclear Methods (Sasardi-Morti Route).....................	$770,000,000	$300,000,000	9 years

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(1) No treaty or right-of-way costs have been included in any of the estimates. It is obvious that this factor might be controlling in the determination of the location of a new canal. The treaty or right-of-way costs at one site may be so high as to render use of that site uneconomical notwithstanding the possibility of lower costs of construction and operation there. These costs are too speculative to estimate, but they will have to be determined before the location and method of construction can be determined.

The sea level canal excavated by nuclear methods offers the best waterway at a construction cost comparable to the least expensive lock-canal plan.

4. PERMANENCE

All lock canals are more subject to obsolescence, inadequacy, and physical deterioration than are sea level canals. As an example, the present Canal lock structures are inadequate in size to transit many modern vessels and are nearly 50 years old. There is also a continual problem of maintaining and replacing machinery and structures.

A sea level canal would be adequate, or could readily be made adequate, as long as ships sail the seas. Unlike a lock canal, a sea level canal can be perpetuated indefinitely and widened or deepened without interrupting the free flow of world commerce.

5. VULNERABILITY–RECOVERABILITY

No amount of protective construction can effectively safeguard lock structures, gates and equipment, and the necessary power supply, against the destructive effect of nuclear explosives. Nor can the safety of the dam holding a high-level lake in any lock-canal system be assured. Any channel, whether a part of a sea level or lock canal, could be closed by a well-placed nuclear weapon.

The lock canals considered depend upon high-level lakes for waterways between sea level approaches. Such lakes, once lost, would not be restored until repairs were made and rains refilled the reservoirs. That time, in the case of all lock plans considered, would be two to four years, depending on rainfall.

On the other hand, a sea level canal closed by nuclear weapons could be returned to service in a matter of a few days or weeks by using nuclear excavation methods.

6. OPERATING AND MAINTENANCE COSTS

The construction cost of any public utility project is not alone an indicator of its economic value. An analysis of the operation and maintenance costs of the various canal plans reveals wide variation in the operating results.

Any sea level canal plan would yield better economic results than a lock canal because it requires much smaller operation-and-maintenance labor forces. Fewer than 350 employees would be required to handle all transiting and marine operations for a sea level canal plan, whereas over 3,000 are required to handle like operations for the present canal, a force which would have to be increased for either of the third-locks plans. When supporting activities are added, the relative force requirements are approximately 13,000 for the locks canals and 600 for a sea level canal.

Not only is the cost of payroll and indirect supply support several times greater for the lock canal, but future escalation of labor cost, and increased force requirements, for any lock canal are estimated to be greater than increases in tolls revenues to be derived from growth in canal traffic at present tolls rates. See Table 9, Comparison of Principal Improvement Plans Considered, at the end of this section for details of operating cost comparisons.

The third-locks canals would operate today at a lesser deficit than would the sea level canal in the Canal Zone. However, operating-cost increases in future years would exceed increases in revenues in either of the lock canals, and neither would ever attain full cost recovery at present rates of tolls.

The sea level canal in the Canal Zone would operate at a deficit today because of high interest and amortization charges, but its margin would rapidly improve in future years, brought about by increased tolls from growing traffic and the relatively minor escalation of operation costs because of the small force required to operate and maintain such a canal.

The sea level canal constructed with nuclear explosives could be operated at a slight annual deficit today at 1959 rates of tolls. Within two or three years it would recover full operating cost. No other major improvement plan can recover full cost of operations, including interest and amortization of the original investment, at 1959 rates of tolls and 1959 volume of traffic.

7. OPERATIONAL COMPARISONS, SEA LEVEL CANALS

The nuclear sea level waterway would have significant operational advantages over the sea level canal in the Canal Zone. Its 1,000 foot minimum width, compared with the 600 foot width of the sea level canal in the Zone, would assure greater transit safety and eliminate the need for pilots. The added channel width and the straight alignment of the nuclear canal would assure around-the-clock navigability, whereas the narrower and more circuitous canal in the Zone might impose restrictions on certain types of vessels during short and infrequent periods of maximum tidal variation.

The canal channel excavated with nuclear explosives would consist of a series of overlapping craters, each over one thousand feet wide and several hundred feet deep at the center. Such a canal should be completely free of bank-stability problems and should require no maintenance dredging for many years. The sea level canal in the Zone would have stable bank design, but maintenance dredging would be necessary on a repetitive basis.

E. RECOMMENDATIONS

A sea level canal is the only type of waterway that will meet all present and anticipated future needs of world commerce. From the standpoint of operating cost and cost recovery, a sea level canal is the most economical of all known solutions and will become increasingly so. This is particularly true of the sea level canal excavated by nuclear methods. In view of the distinct economic and operating advantages it is recommended that first priority be given to a sea level canal excavated by nuclear methods, and that second priority be given to a sea level canal constructed in the Canal Zone by conventional methods.

The decision to expend the hundreds of millions of dollars required to build a sea level canal depends in part on national policy. It is essential that full consideration be given to the major advantages of a sea level canal to our national economy and to hemispheric defense. These advantages are:

1. Maximum support to the nation's industrial machine in time of peace, war, or postwar reconstruction.
2. Freedom from serious danger of closure as a result of sabotage.

3. Relatively short recovery time in the event of destructive attack or sabotage.
4. Adequate capacity for the unimpeded passage of commercial and naval vessels of all sizes.
5. Promotion of world trade through reduction in transit time and associated monetary savings in marine operations.
6. A lower tolls structure than would be required by other plans.

These factors might influence the timing of the canal improvement program; however, such decisions are not the responsibility of the Panama Canal Company.

Entirely apart from national policy considerations and concerned only with the foreseeable requirement for additional canal capacity, the Board of Directors of the Panama Canal Company recommends the following actions after necessary legislative authorization has been obtained:

I. Completion of the Board's canal improvement program, including widening of the remaining 300-foot reaches of the Canal; deepening of the entire channel; installation of an electronic vessel dispatching system; and modernization of locks machinery. (This program can be completed by 1968.)

II. Initiation by the Company of planning for the construction of a sea level canal outside the Canal Zone by nuclear methods. Preconstruction developmental studies, route selection, and construction planning will be coordinated with the Atomic Energy Commission, consulting with the Department of State as necessary. This canal should be completed no later than 1980.

III. Periodic restudy by the Company of Canal traffic growth and trends in size of ships and review of the scheduling of the sea level canal project as necessary.

IV. Accomplishment by the Atomic Energy Commission, as rapidly as possible, of a research, development, and testing program to:

(a) Improve nuclear explosives available for excavation purposes. This could lead to further significant reductions in cost, to an increase in flexibility, and, most important, to virtual elimination of atmospheric contamination.

(b) Establish as accurately as possible the earthmoving and atmospheric effects of nuclear explosives under various conditions of underground firing and in the various media to be expected at the canal site.

(c) Demonstrate the safety and efficiency of the use of nuclear explosives for a project such as the canal. The Atomic Energy Commission should proceed with further nuclear and high explosive cratering tests to support and set the psychological stage for construction of a transisthmian canal.

V. Planning by the Company to construct a sea level canal in the Canal Zone by mechanical methods if, for any reason, definite plans have not been made to construct a sea level canal by nuclear methods by the early 1970's.

WE Potter

Chairman, Ad Hoc Committee
for Isthmian Canal Plans
President, Panama Canal Company

Balboa Heights, C. Z.
February 11, 1960

TABLE 9

COMPARISON OF PRINCIPAL IMPROVEMENT PLANS CONSIDERED

(1959 Cost Levels and Traffic Volume)

Plan	*Vessel Time in Transit (hours)*	*Average Cost per Ship for Time in Transit (dollars)*	*Estimated Construction Cost (millions of dollars)* (Note 1)	*Estimated Construction Time (years)*	*Estimated Annual Operating Costs* (2) *(millions of dollars)*	*Limiting Dimensions (feet)*		*Recovery Time After Nuclear Attack*
						Width	*Depth*	
Third-Locks Canal.............	12	1,500	733.1	9	81.6	140	50	2 to 4 years
Consolidated Third-Locks Canal..	10	1,250	1,020.9	12	92.8	200	50	2 to 4 years
Zone Sea Level Canal...........	4	500	2,286.9	12	105.3	600	60	2 to 3 weeks
Nicaragua Lock Canal..........	20-24	2,500	4,095.0	12	231.0	200	50	2 to 4 years
Sea Level Canal Constructed by Nuclear Methods.............	4	500	770.0	9	49.8	1000 (min)	60 (min)	2 to 3 weeks

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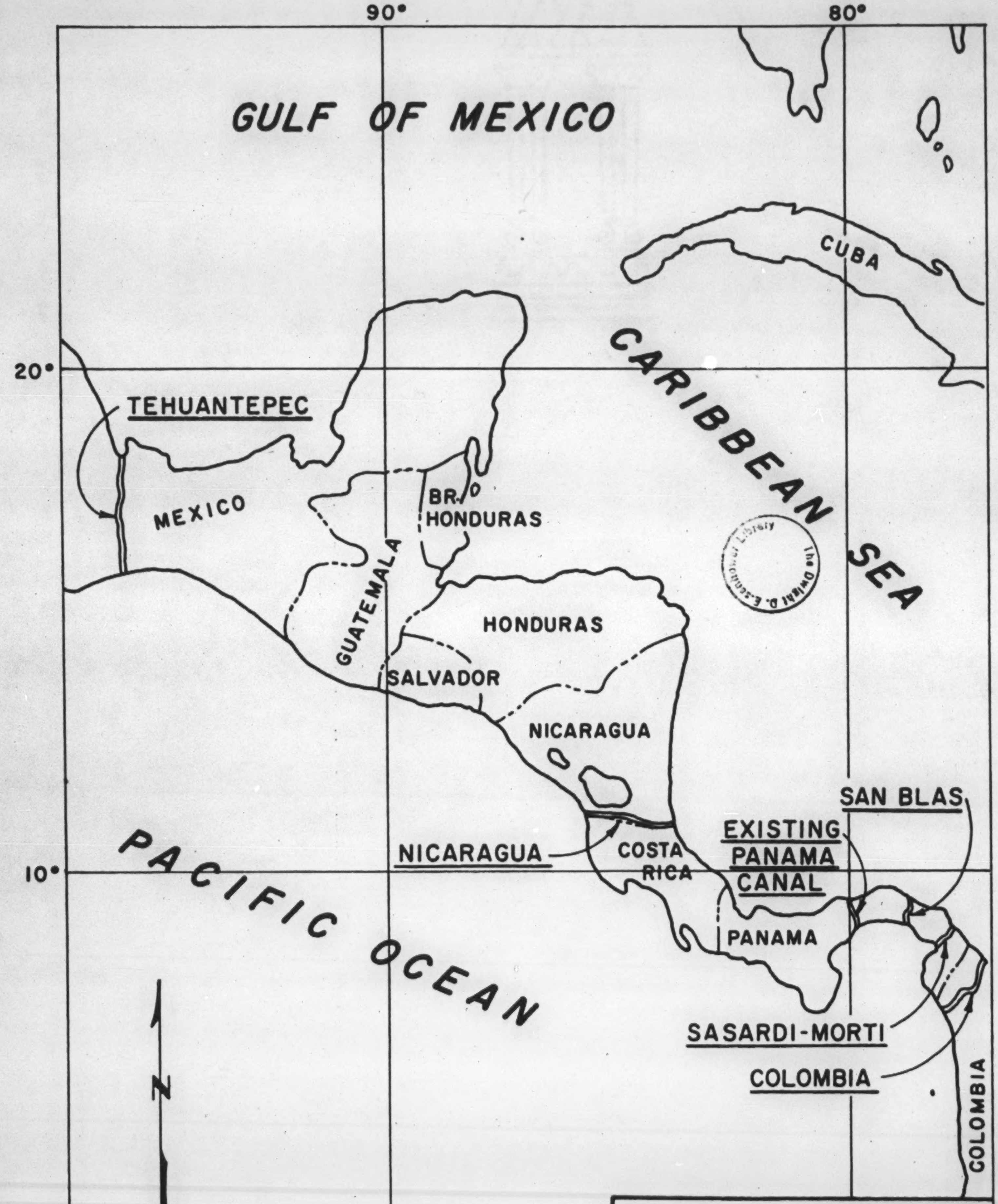
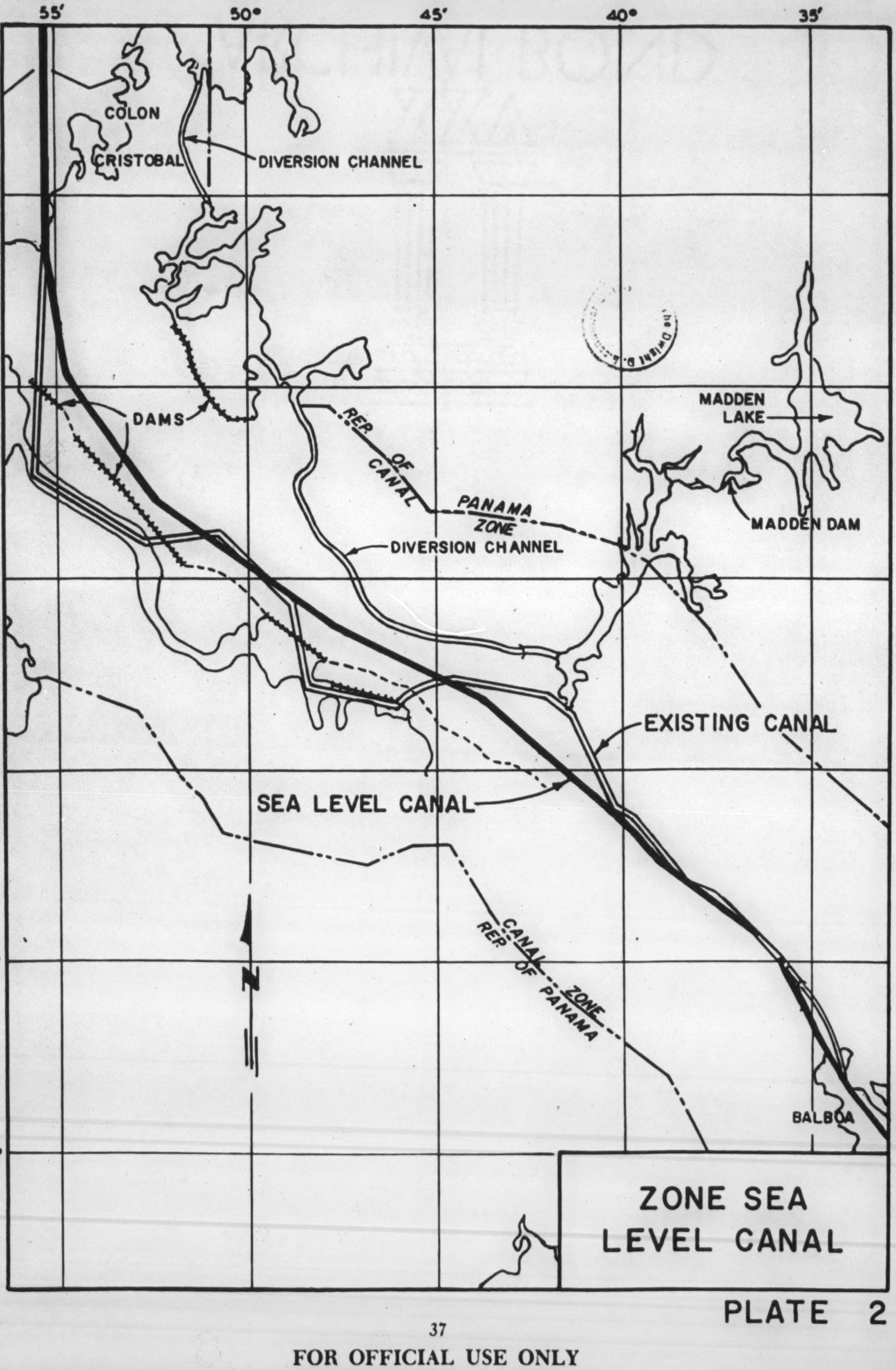
Notes: 1. Includes no treaty or right-of-way costs.
2. Includes operation and maintenance, depreciation, interest, and amortization of investment.


90°
80°
20°
10°
GULF OF MEXICO
CUBA
CARIBBEAN SEA
TEHUANTEPEC
MEXICO
BR. HONDURAS
GUATEMALA
HONDURAS
SALVADOR
NICARAGUA
NICARAGUA
COSTA RICA
SAN BLAS
EXISTING PANAMA CANAL
PANAMA
SASARDI-MORTI
COLOMBIA
COLOMBIA
PACIFIC OCEAN
N

ROUTES CONSIDERED FOR A SEA LEVEL CANAL EXCAVATED BY NUCLEAR METHODS

PLATE 1


55'
50°
45'
40°
35'
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9°
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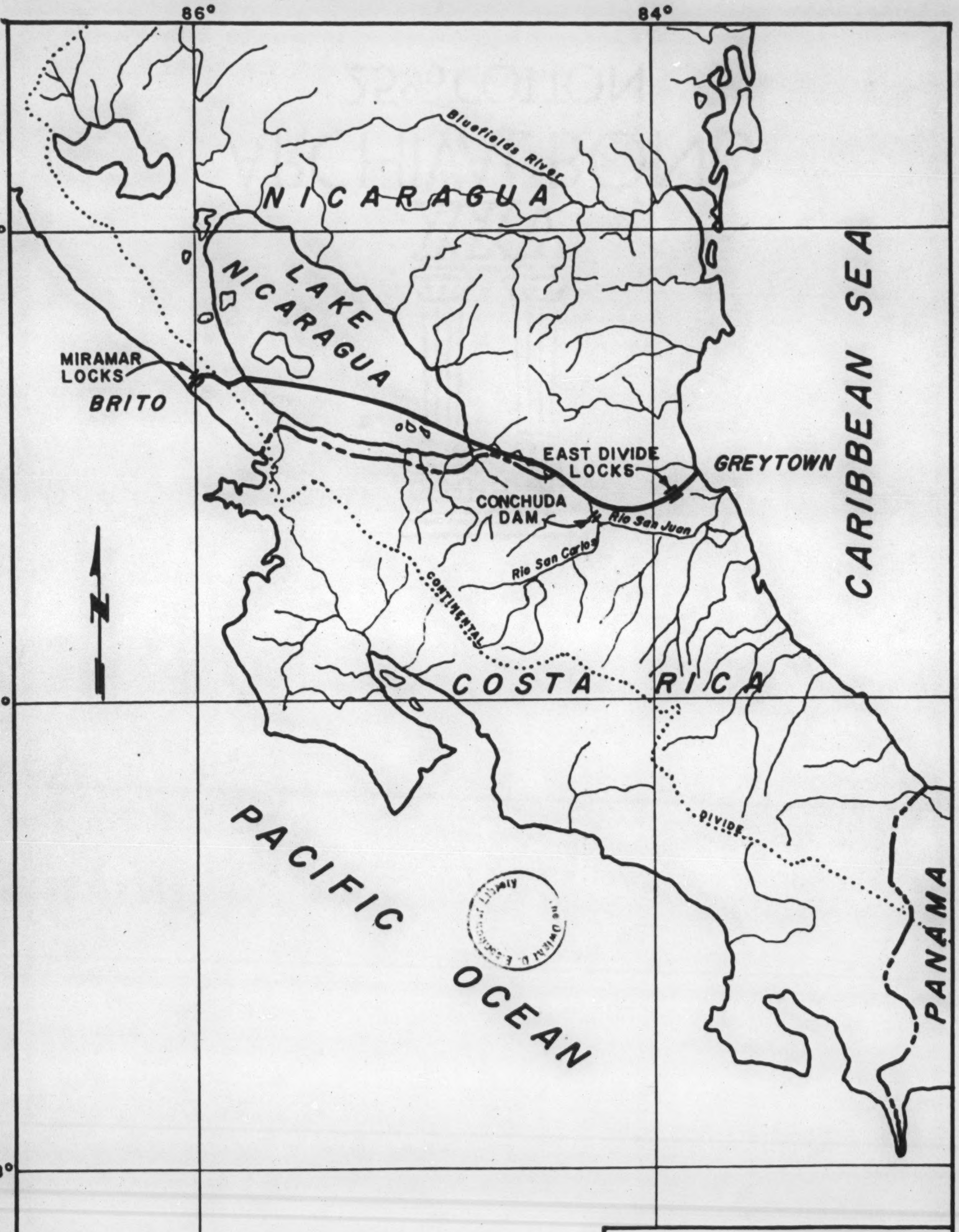
COLON
CRISTOBAL
DIVERSION CHANNEL
DAMS
REP. OF PANAMA
CANAL ZONE
DIVERSION CHANNEL
MADDEN LAKE
MADDEN DAM
EXISTING CANAL
SEA LEVEL CANAL
N
CANAL ZONE
REP. OF PANAMA
BALBOA

ZONE SEA
LEVEL CANAL

PLATE 2


86°
84°
12°
10°
8°
Bluefields River
NICARAGUA
LAKE NICARAGUA
MIRAMAR LOCKS
BRITO
EAST DIVIDE LOCKS
GREYTOWN
CONCHUDA DAM
Rio San Juan
Rio San Carlos
CONTINENTAL DIVIDE
COSTA RICA
CARIBBEAN SEA
PACIFIC OCEAN
PANAMA
N

NICARAGUA
LOCK CANAL

PLATE 3

NATIONAL ARCHIVES AND RECORDS SERVICE

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
1.Cabinet Record of Action	RA-60-153	5/14/60	A
2-9, Memorandum,	Robert Gray sent to following; Director USIA; Administrator, Housing and Home Finance Agency; Administrator, Federal Aviation Agency; Administrator of Veterans Affairs; Administrator NASA; Administrator, Small~~x~~ Business Administration; Chairman, Civil Service Commission ; Administrator, GSA;	5/16/60	A
10.Cabinet Agenda	CA-60-153	5/11/60	A
11.Cabinet Agenda	CA-60-153	5/11/60	A

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By DJC NLE, Date 8-12-76

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MINUTES OF CABINET METTING

May 12, 1960

9:05 a.m. -- 11:00 a.m.

The following were present:

President Eisenhower

Vice President Nixon

Sec. Herter
Mr. Fred Scribner
  for Sec. Anderson
Sec. Gates
AG Rogers
PMG Summerfield
Sec. Seaton
Sec. Benson
Mr. James O'Connell
  for Sec. Mitchell
Sec. Mueller
Miss Bertha Adkins
  for Sec. Flemming

Chairman McCone, AEC
  Dr. Woodruff (in part)
Mr. Stans, BoB
Gov. Hoegh, OCDM
Dr. Saulnier, CEA
Dr. Donald Chadwick, Federal
  Radiation Council (in part)

Mr. Allen Dulles, CIA
  Mr. Edward Allen (in part)
  Mr. Robert Amory (in part)
  Mrs. Gertrude Schraeder (in part)

Gen. Persons
Mr. Morgan
Mr. Robert Gray
Mr. Harr
Dr. Kistiakowsky
Dr. Paarlberg
Gen. Goodpaster
Maj. Eisenhower
Mrs. Wheaton
Mr. Kendall (in part)
Mr. McPhee
Mr. Lyons
Mr. Merriam
Mr. Patterson
Mr. Minnich

1960 Republican Platform - At the President's request, Mr. Merriam briefly described the arrangements thus far for drafting the 1960 Platform, under the leadership of Charles Percy and Mel Laird. He requested each member of the Cabinet to submit by May 25th a summary of their suggestions. He indicated that he would be the liaison between the Executive Branch and the Platform drafting group, and he advised that there would be further consultations with Cabinet members after a preliminary look at their suggestions.

The President restated his deep conviction that Platforms should be meaningful despite the tendency of political parties to ignore them after an election has passed. He hoped that the Parties would make them more meaningful. He thought they ought to be a little more succinct and hard hitting, and he commended to the drafting group his own suggestion that the long, dreary pamphlets might better be replaced by

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a short statement of principle items, or at least the important points could be presented first in summary with the full Platform set forth in an attachment.

Economic Situation - Dr. Saulnier reported happily on the recent advances in retail sales, automobile sales, increased employment, the FHA reduction of down payment requirements, the outlook for plant expansion, and increased exports. He suggested caution with regard to inventories where the rate of buildup may slow down, although they are not now high in relation to sales. On the pessimistic side, a trouble spot existed in that corporate profits are running below expectations, primarily because of the squeeze caused by rising costs but steady prices, with a possible dampening effect on plant expansion and Treasury receipts.

Dr. Saulnier summarized the situation as indicating that 1960 will be a good year, though not marked by boom conditions.

Dr. Saulnier thought it desirable probably for the Government to be taking steps to provide some stimulus to replace the expected inventory rate change. Already the housing down payments have been reduced, monetary policy -- the principal governmental instrument -- was being eased, and highway allocations would be a strong stimulus in the second half of the year once the impact of the reduction required by legislation last year could be overcome.

Looking beyond 1960, Dr. Saulnier thought that the national economy was in a more favorable position for sustained growth than at any time since World War II.

In discussion, Sec. Mueller noted that the inventory increase is at no greater rate now than it was a year ago, but the President pointed out that the process of filling up the pipeline had to end eventually unless there were a great growth in consumer demand. Secretaries Seaton and Benson questioned the export figures as related to P. L. 480 agricultural sales, and Dr. Saulnier indicated that such sales were not included in the export statistics he used. Mr. Gates wondered about the impact on the economy as a whole of the sickly outlook for the aviation industry. Dr. Saulnier agreed that some adjustment in that industry might be needed after the current backlog of orders is filled, but he was confident the economy could weather this adjustment just as it had others in the past. Mr. Herter noted that the expected record travel abroad would adversely affect the balance of payments situation; Dr. Saulnier felt nevertheless that the balance of payments deficit would be substantially reduced even though continuing to be a problem.

The President noted reports he had had from foreign visitors that there would be much tourist travel to the United States. Dr. Saulnier was reassured by such indications since they are a significant indication of public confidence in the economic future.

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BSA letter 11/2/78
NLE Date 11/21/78

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E.O. 11652, Section 1
By Jc NLE, Date 11/21/78

#46

Mr. Stans called attention to the new statistical procedures for estimating housing starts. Dr. Saulnier said that a recent study of this had revealed that estimates were generally low by about 200,000 units. Future estimates, corrected by the new method, will be accordingly at a higher level. This will cause a re-estimate of the GNP with a resulting increase of about $3 billion.

Soviet Manpower - After prefatory remarks by Mr. Dulles, Mr. Robert Amory took note of the new Russian census taken in 1959, then went on to present a series of charts comparing estimates of Russian man- (and woman) power with similar statistics for the United States. Some of the significant facts brought out were that our population growth in the '60s will be at least as rapid as that of Russia, that women make up 55% of the Russian labor force as contrasted with about 33% in the United States, that despite irregularities in Russian age groups as a result of the wars, the Russians are holding their labor force fairly steady by reductions in the armed forces and by restricting temporarily the enrollment in day schools. Also, 50% of Russian workers are engaged in farming, 30% in industry and 20% in service trades. In the United States, these figures are 10%, 36% and 55%, respectively. Regarding GNP, Mr. Amory presented an estimate that Russia is closing the gap but will still be well behind in 1970.

Mr. Herter requested copies of these charts, and Mr. Amory indicated a booklet would be distributed to Cabinet Members. Mr. Herter questioned the arrangement of the GNP graph which was on a logrithmic basis. Mr. Amory agreed that this distorted the absolute figures but presented fairly the percentage difference between Russia and the United States.

Sec. Benson was interested in the possible effect on population growth of the fact that so many Russian women are engaged in heavy manual labor. Mrs. Schraeder stated that Russian population growth is slowing up and that there has been much discussion in Russia about making life easier for women. She thought the bad housing conditions in the cities were a contributing factor but she wanted to point out that the high Asiatic fertility rate was a big compensation.

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PORTIONS EXEMPTED
E.O. 11652, Sec. 5 (B) (3)
GSA letter 11/2/78
NLE Date 11/21/78

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By bc NLE, Date 11/21/78

Radiation Protection Guidance (CP 60-109) - In Dr. Flemming's absence, Dr. Kistiakowsky summarized the Cabinet paper, drawing particular attention to the presumption that any radiation at all has some effect on living tissue, either somatic or genetic. The Council felt it had made this assumption necessarily in the absence of any experimentation proving there would be no effect from small doses.

Dr. Kistiakowsky noted that the new term "radiation protection guide" would serve as a replacement for "maximum permissible exposure."

Dr. Kistiakowsky referred to the imminence of hearings by the Congressional Joint Committee on Atomic Energy, and the desirability of having this paper approved and published prior to the hearings. He affirmed his own concurrence in the recommendations.

Mr. McCone stated that the AEC fully concurs in the paper and the desirability of early publication. He said the practices of the Commission are consistent with the recommendations.

Mr. McCone then put additional emphasis on the statement on page 4 which denied, under present knowledge, the existence of a threshold below which radiation would not have harmful effects. This and the differentiation between atomic industrial workers and the population as a whole could become points of controversy, he thought.

The President ascertained that measurements of radiation for the purposes of this guide began from zero and that zero included natural radiation from the atmosphere and such radiation as an individual might receive from medical treatment.

Mr. McCone compared this entire problem with that of motor vehicles and highways, where any speed at all could be dangerous, but officials as a practical matter must determine what are "safe" speeds.

Mr. McCone then discussed certain technical aspects of AEC operations as pertains to radiation. He noted that the Commission did not know of any instance in which there would be a need for making use of the option set forth in recommendation #7, but that it had been included in case of future need.

Dr. Kistiakowsky stated that Sec. Flemming thoroughly accepted these recommendations.

Mr. Rogers inquired if it would be possible to state that the effect of a very small dose of radiation would not necessarily be harmful, for the existing language would almost inevitably be taken out of context and built into great controversy. This gave rise to an extensive discussion in which Messrs. Gates, Scribner, Mueller and

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Seaton all supported Mr. Rogers in opposing the draft language. It was pointed out that this language had frequently been used before, but Sec. Seaton stressed that it had never before been Presidentially approved. It was suggested that the paragraph at issue be eliminated completely since it was merely prefatory to the essential recommendations and its content was repeated in other language in various places in the paper. The President refused to delete the item on his own personal judgment when he had constituted a Committee of expert scientists to develop the paper and this had been their best judgment after full attention to the specific problem. The Vice President and the President both suggested possible editing of the language to make clear the impossibility of any assertion one way or the other, given the present lack of conclusive research. Mr. McCone believed the working group should review the matter, for it might prefer to eliminate the paragraph on its own responsibility rather than subject it to editing.

The President directed Dr. Kistiakowsky to take the paper back to the working group for review with the understanding that it was agreed the paper should be published as soon as possible in such form as would not scare people to death.

* * * * *

Following the Cabinet meeting, there was a briefing by the Defense Department on Russian and U.S. military posture, covering all types of forces, including ballistic missile capacity. This was arranged as a result of Mr. Summerfield's request some time previously that all Cabinet members should be well informed about security matters because of their frequent public contacts. In the course of the briefing, Mr. Summerfield reverted to this point and emphasized that there was a remaining need for Cabinet members to visit places like Omaha or Cape Canaveral, since this would serve to strengthen the validity of such public comments on defense posture as these Cabinet members might make. Mr. Gates agreed on the impact of the "I was there" approach.

Adm. Byrnes stressed the sensitivity of the information presented in the briefing, practically all of which was "Top Secret" in nature.

LAM
L. A. Minnich, Jr.

Copy to:
✓Mrs. Whitman (2)
Mr. Minnich
Mr. Gray

CONFIDENTIAL

May 11, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Thursday, May 12

1. Review of the Economic Situation (Chairman Saulnier)

With the last economic review having been two months ago, Chairman Saulnier considers it important that the Cabinet keep its finger closely on the pulse of the current economic situation.

2. Soviet Manpower -- 1960-1970 (Director Dulles)

A few months ago when Secretary Mitchell presented his survey "Manpower - Challenge of the 1960's", the request was made at Cabinet that Allen Dulles do the same for the USSR manpower picture over the same period of time.

3. OPERATION ALERT, 1960 (Director Hoegh)

Director Hoegh is prepared to take two or three minutes to summarize what OPERATION ALERT, 1960, has revealed about the status of U.S. civil defense preparedness and continuity of government.

4. Report of the Federal Radiation Council: Radiation Protection Guidance for Federal Agencies (Secretary Flemming)

By Executive Order of last August 14, you established the Federal Radiation Council with the assigned responsibility "for providing general standards and guidance to executive agencies for their use in developing operating rules and regulations for radiological health protection".

(continued next page)

4. (continued)

After nine months intensive work, the Council has now prepared its first Report to the President.

The Report makes recommendations as to radiation protection guides in normal peacetime circumstances (and also excluding weapons transport and storage and reactor accidents as sources of radiation). It clearly underscores that there is no absolute "threshold" but only a "guide", with present knowledge.

The Joint Atomic Energy Committee will be holding hearings on this very subject beginning May 24. Secretary Flemming is most anxious to have the Administration's own report approved and released at least a week before that date so that Administration witnesses can testify about and support our report at these hearings.

5. (Post-Cabinet) Defense Briefing

In order to equip members of the Cabinet for (a) speechmaking on the continuing issue of alleged "missile gaps" and "inadequate defenses", and for (b) visits which are being planned to various Defense installations, Secretary Gates and his staff have prepared a 40-minute briefing especially for the non-NSC Cabinet officers. This presentation will be given after you leave the room.

Robert Gray
Secretary to the Cabinet

May 12, 1960

MEMORANDUM FOR: Mr. J. S. Earman
Central Intelligence Agency

The draft Record of Action we have drawn up from this morning's meeting is as follows:

"2. Soviet Manpower -- 1960-1970

ACTION: a) The Director of the Central Intelligence Agency will make available to Cabinet Members additional unclassified background material together with copies of the charts used in the presentation, with the comparative chart of Gross National Product corrected to an arithmetic rather than a semi-logarithmic scale.

b) The President expressed his appreciation to the Director and his staff for the usefulness of this presentation."

The attached booklets are to be corrected as specified above and then returned here for distribution.

We have told the Cabinet Assistants that for extra copies in addition to these they should contact you.

Robert Gray
Secretary to the Cabinet

BHP:gs

SOVIET MANPOWER
1960 - 70

May 1960

CENTRAL INTELLIGENCE AGENCY

SOVIET MANPOWER
1960 - 70

FOREWORD

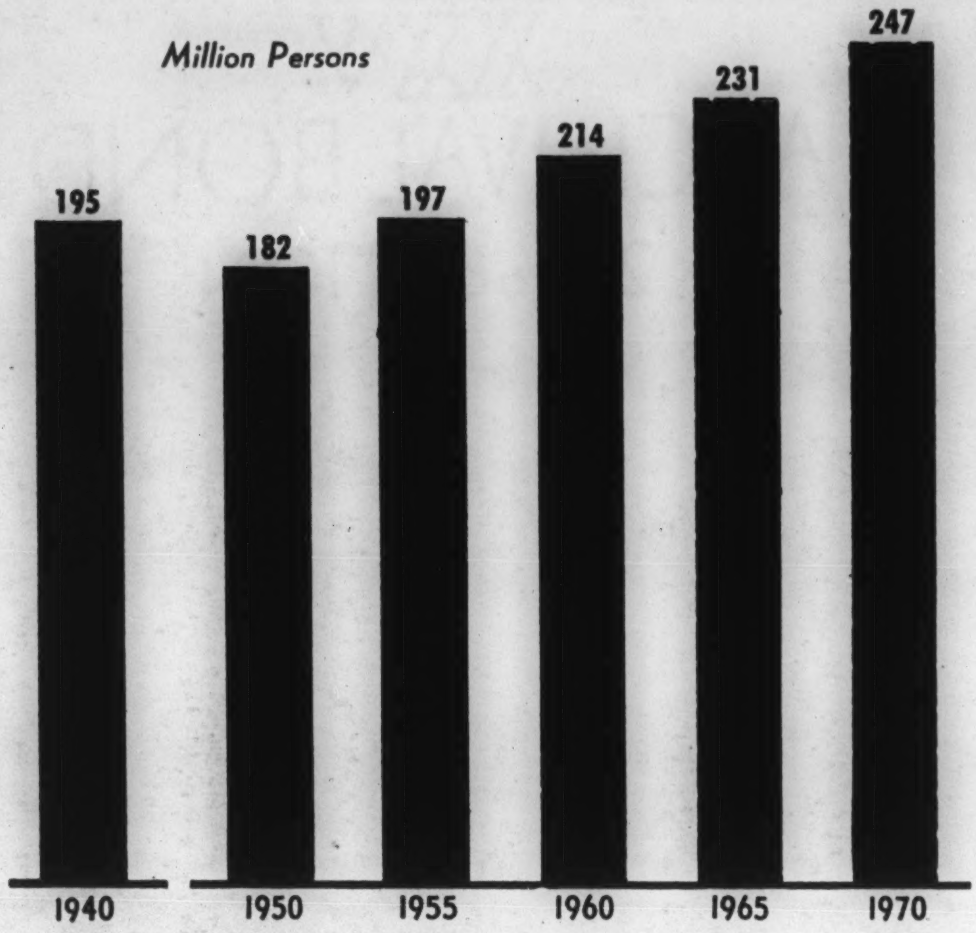
This report shows the changes in the population and labor force of the USSR that are expected to take place between 1960 and 1970. For purposes of comparison, data also are presented for earlier years.

The USSR has already taken steps to cope with the two most important manpower problems that will be encountered during the 1960's -- the small increments to the population of working age during 1960-65 and the effective use of the huge labor force living on farms. By reducing the armed forces and by controlling the rate of school enrollment among youths during 1956-60, the USSR has succeeded in providing enough additional labor to overfulfill its manpower and production plans in spite of a continuous decline in the increments to the population of working age resulting from the low birth rates of World War II. The number of persons on farms is expected to be almost as large in 1970 as in 1960. By promoting industrial and construction activities in rural areas, the USSR has attempted to employ surplus agricultural workers on the farms, thus keeping rural-to-urban migration at a minimum and avoiding the necessity for providing more housing and public utilities in the already overcrowded cities.

The estimates for the 1950's are based on statistics that have appeared in official Soviet publications. The outlook for the 1960's is based on the following assumptions:

1. That birth rates (by age of mother) will remain at present levels but that death rates will decline slowly,
2. That the goals announced for the Seven Year Plan (1959-65) relating to manpower and education will be achieved and that the trends established in the first half of the decade will continue until 1970,
3. That the planned reduction in the armed forces by 1.2 million during 1960-61 will take place,
4. That no major war or other cataclysmic event will occur.

THE POPULATION WILL INCREASE FROM 214 MILLION TO 247 MILLION DURING THE 1960's



POPULATION, 1940-70

28893

World War II had a catastrophic effect on the population of the USSR. The population (within the present boundaries of the country) fell from 195 million in 1940 to about 175 million in 1947.* The 1940 level was not regained until 1954.

In addition to the enormous military and civilian losses attributable to the war, birth rates fell to less than half their prewar level and did not recover that level until about 1950. The small number of children born during the war years has already posed periodic problems for

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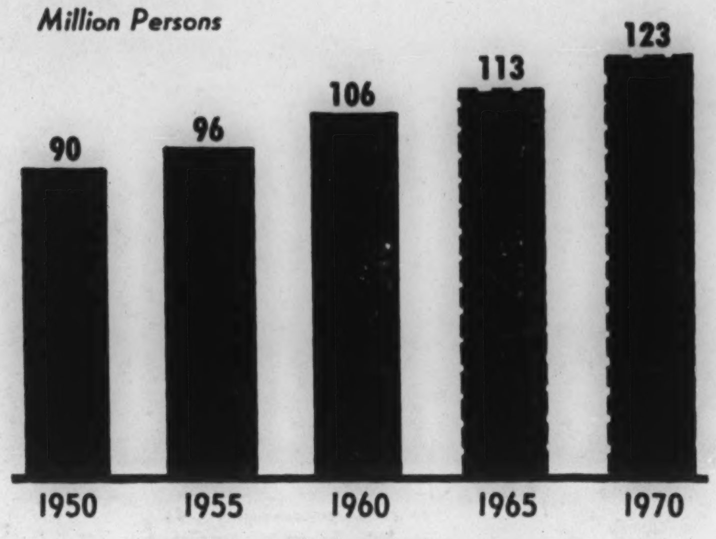
* All population estimates in this report are midyear figures.

Soviet leaders as the groups reached elementary school, high school, and working age. These small groups will be marrying and having children during the 1960's. As they replace the larger, prewar groups, the rate of growth of the population will temporarily decline.

For the decade of the 1960's as a whole, the population will increase at an average annual rate of 1.5 percent -- a little more slowly than during the 1950's.

THE CIVILIAN LABOR FORCE WILL GROW BY ABOUT 17 MILLION, OR 16 PERCENT, DURING THE 1960's

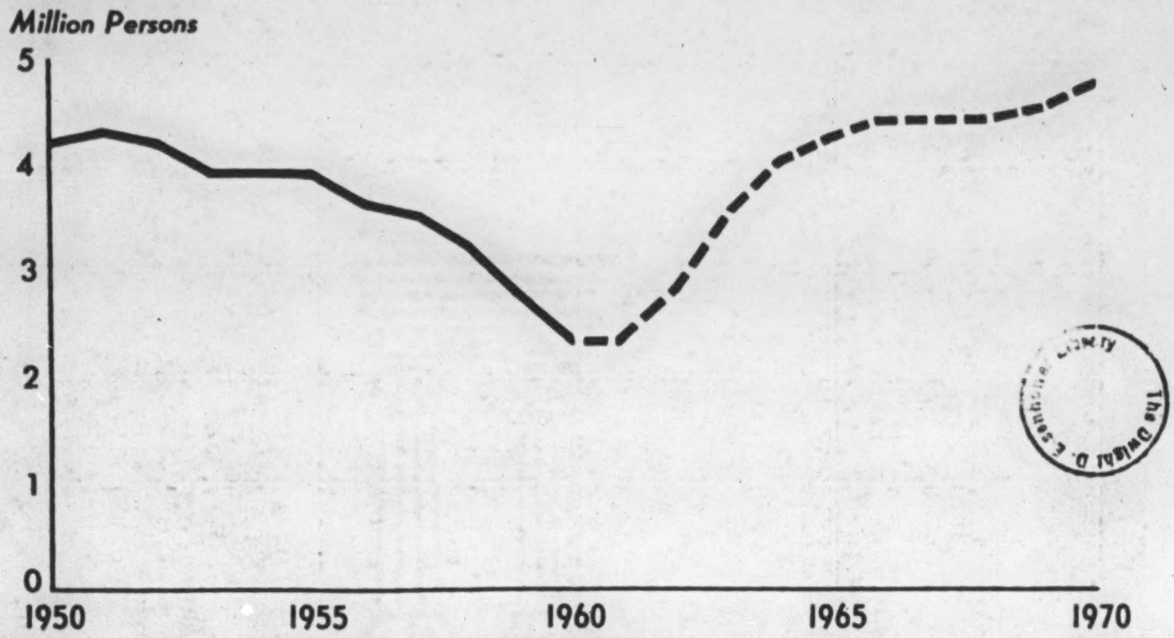


CIVILIAN LABOR FORCE, 1950-70

28894

The civilian labor force of the USSR will increase by about 17 million during the 1960's, only 1 million more than the increase during the 1950's. Growth will be slower in the first half of the decade than in the second because the age groups starting to work during 1960-65 will be the unusually small groups born during the war and the early postwar period. The increase will be enough, however, to permit the achievement of the manpower goals set by the Seven Year Plan (1959-65).

THE NUMBER OF PERSONS REACHING WORKING AGE WILL BEGIN TO RISE IN 1962, FOLLOWING A SHARP DECLINE DURING THE 1950's



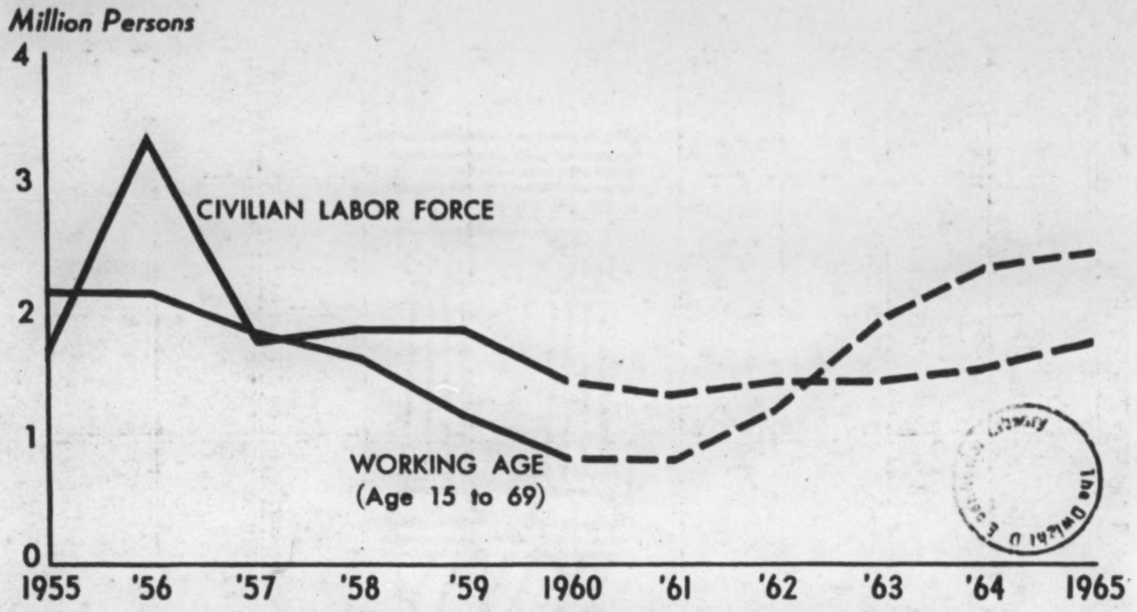
PERSONS REACHING AGE 15, 1950-70

28895

The total number of persons reaching the normal working age of 15 in the USSR will more than double between 1960 and 1970 -- from 2.3 million to 4.7 million. This increase follows a rapid decline during the 1950's, particularly in the latter half of the decade. These fluctuations result from the sharp decline in the birth rate during 1940-45 and its subsequent rise.

The decline in the number of 15-year-olds would have resulted in a much slower growth in the labor force than actually occurred if the USSR had not taken steps to increase the labor supply. By controlling school enrollment and by reducing the armed forces, however, the USSR has been able to keep its civilian labor force growing at a fairly even pace.

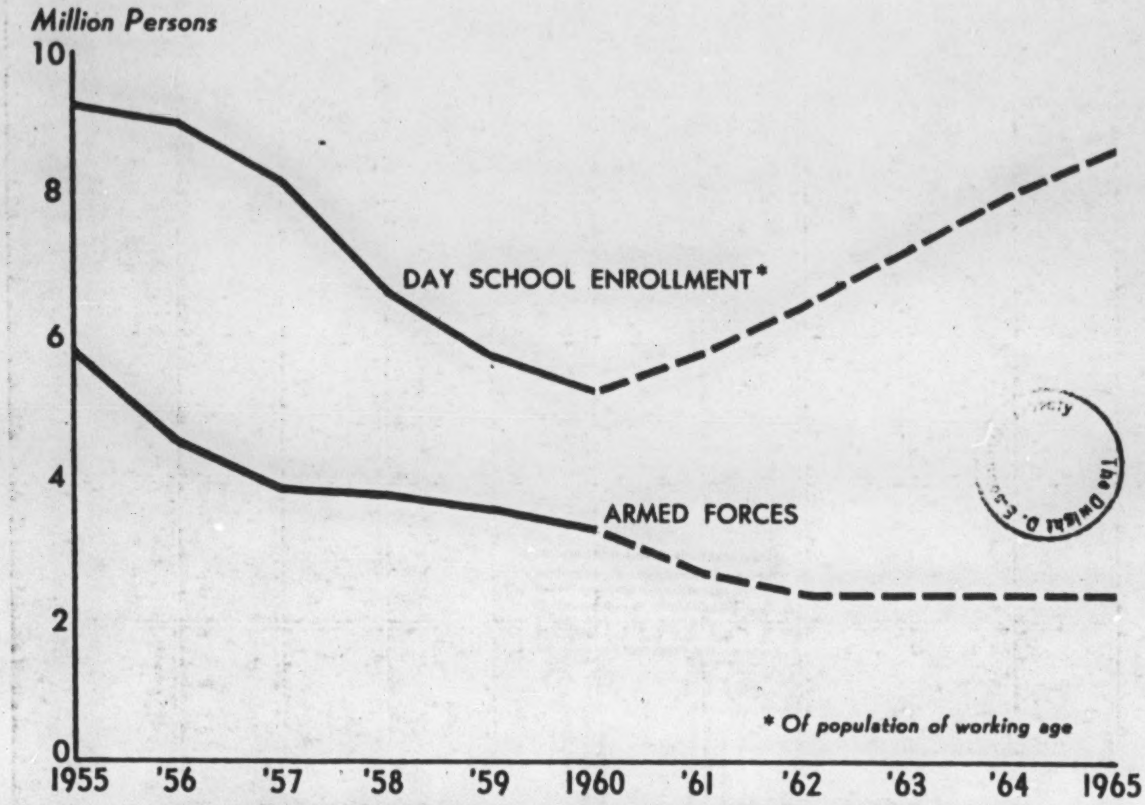
DECLINING SCHOOL ENROLLMENT AND REDUCTIONS IN THE ARMED FORCES ARE ALLOWING THE CIVILIAN LABOR FORCE TO INCREASE STEADILY DURING THE PERIOD OF "POPULATION SHORTAGE"



ANNUAL ADDITIONS TO THE POPULATION OF WORKING AGE AND TO THE CIVILIAN LABOR FORCE, 1955-65

28896

Between 1955 and 1960 the civilian labor force of the USSR increased by 10 million, but the population of working age (15 to 69) increased by only 7.4 million. At the same time, the number of persons of working age in day schools and colleges declined, and the armed forces were reduced.



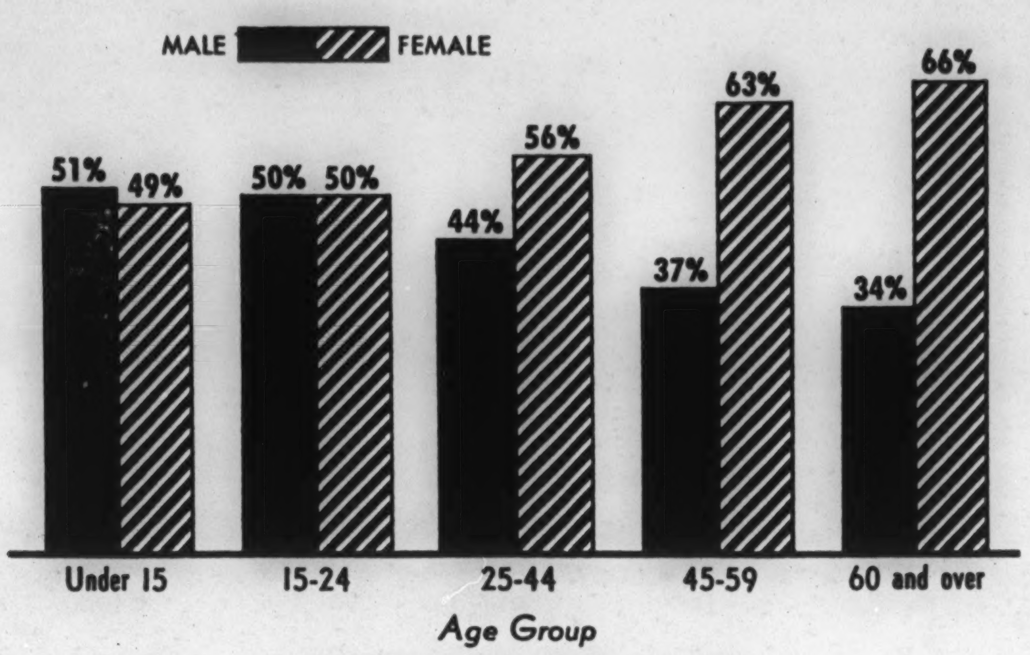
DAY SCHOOL ENROLLMENT AND SIZE OF THE ARMED FORCES, 1955-65

28897

The decrease in day school enrollment resulted both from a decline in the number of persons of high school age and from a decline in the proportion enrolled. More young people thus became available for work. This downward trend in school enrollment is expected to be reversed in the early 1960's, when the number of 15-year-olds begins to rise and when the current reorganization of education is completed.

Between 1955 and 1960 the armed forces decreased by more than 2 million persons, and the Soviet government has announced plans to cut the armed forces by an additional 1.2 million during 1960-61 -- years when the additions to the population of working age will be the lowest (fewer than 1 million each year).

WOMEN FAR OUTNUMBER MEN IN THE POPULATION AND IN THE KEY WORKING AGES



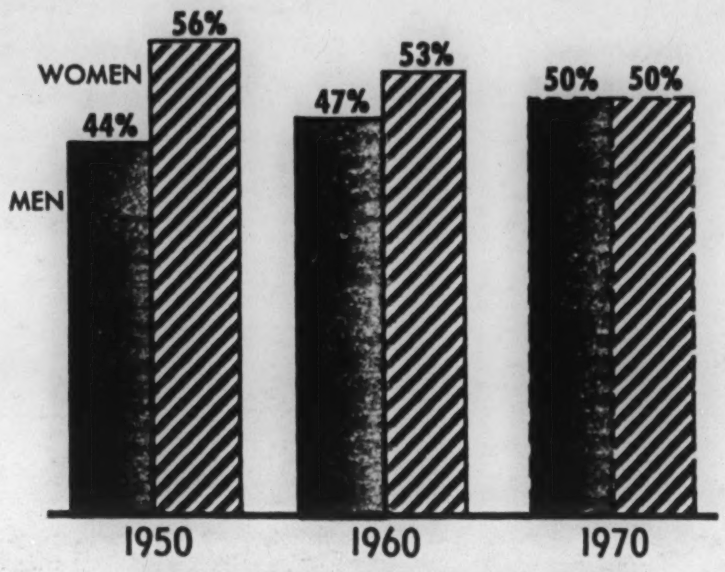
POPULATION, BY AGE AND SEX, 1959

28898

Women constitute 55 percent of the total population of the USSR -- one of the highest percentages in the world. In the age group 25 to 59, there are 139 women for each 100 men. The heavy preponderance of women in these ages is a consequence of the disproportionate losses of men during World War II and also during the collectivization drive of the 1930's. By 1970, women will constitute 53 percent of the population.

The age structure of the population will not change greatly during the 1960's. About the same proportion will be in the working ages 15 to 69 in 1970 as now, but women will be a smaller part of the total.

MORE THAN HALF OF ALL SOVIET WORKERS ARE WOMEN



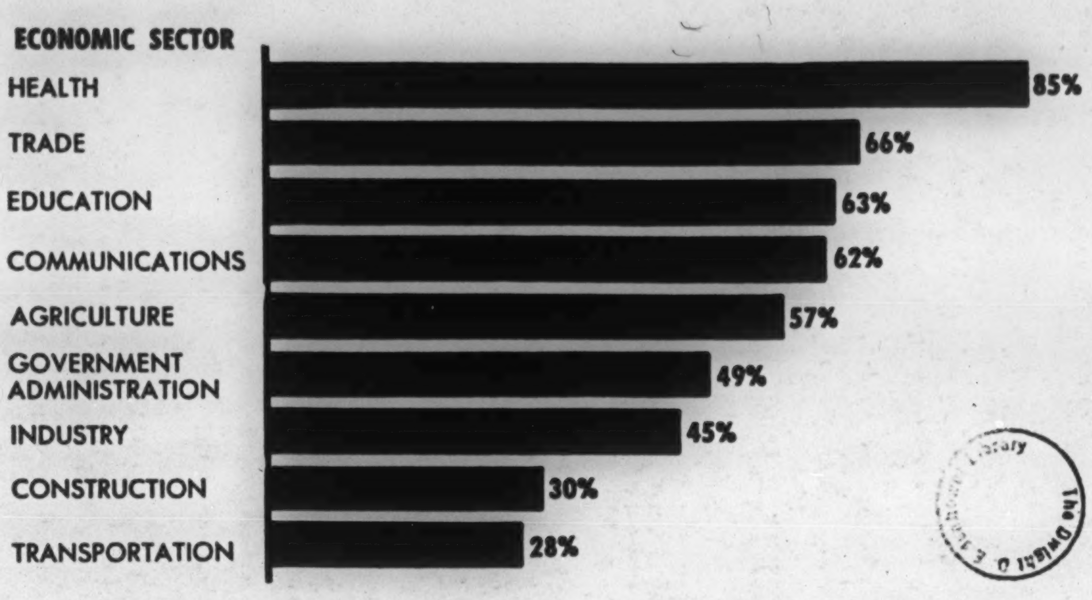
CIVILIAN LABOR FORCE, BY SEX, 1950-70

28899

Women now make up more than half of the civilian labor force of the USSR, but their predominance is gradually diminishing. By 1970 the labor force will be about equally divided between men and women.

Nearly two-thirds of the number of Soviet women 14 years of age and over currently participate in the labor force. Women probably will continue to participate at this high rate during the 1960's. The percentage could rise even higher, for Soviet leaders have established as an ultimate goal the almost universal participation of women in employment outside the home. Soviet plans call for more kindergartens, nurseries, boarding schools, and public dining facilities to make it possible for more women to work.

WOMEN ARE EMPLOYED EXTENSIVELY IN ALL BRANCHES OF THE ECONOMY

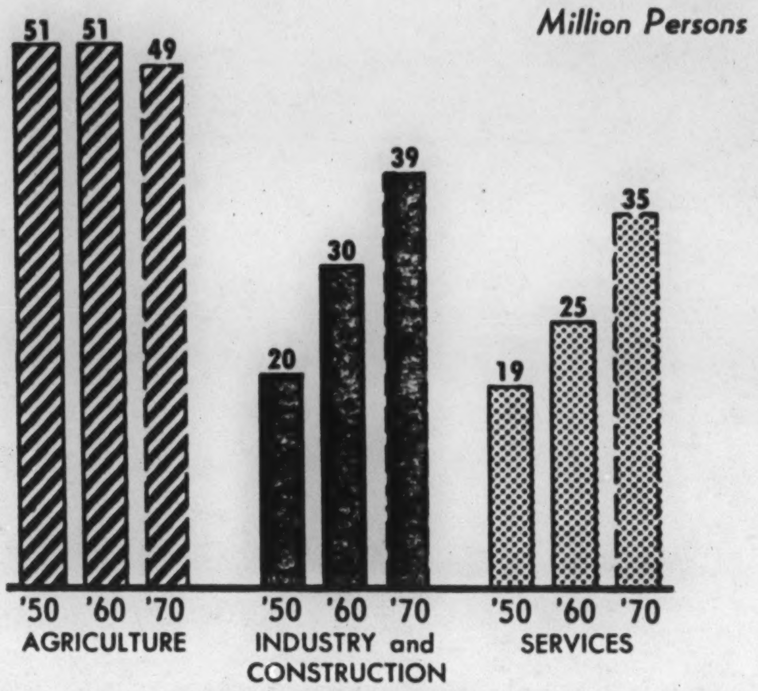


PROPORTION OF WOMEN EMPLOYED IN SELECTED ECONOMIC SECTORS, 1959

28900

Some sectors of the Soviet economy, such as trade, education, and health, are staffed largely by women. In 1959, about three-fourths of all doctors and about 70 percent of all teachers were women. Although women accounted for about 57 percent of total agricultural employment in 1959, the proportion has been declining steadily and will continue to decline during the 1960's. Even in those sectors where women do not predominate, such as construction and transportation, they nevertheless constitute more than one-fourth of the total.

NEARLY HALF OF THE CIVILIAN LABOR FORCE IS EMPLOYED IN AGRICULTURE



CIVILIAN LABOR FORCE, BY MAJOR ECONOMIC SECTOR, 1950-70

28901

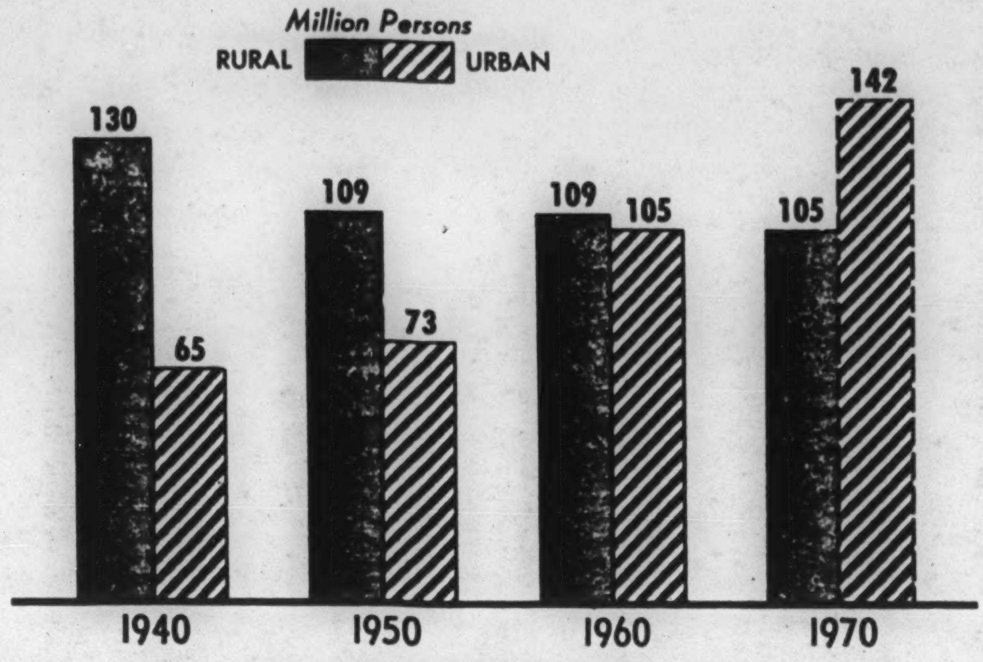
More than 50 million people in the USSR -- nearly half of the total labor force -- are engaged in agriculture. This figure represents the number of persons 14 years old and over who live on collective and state farms and who participate in normal farm activities at some time during the year. It also includes unpaid family workers who live on those farms and who work exclusively on private plots -- still an important source of agricultural production in the USSR.

A little more than one-fourth of the labor force is employed in industry and construction, and somewhat less than one-fourth is employed in the service sector. Slightly more than half of all workers in the services are employed in education, health, and trade, and about one-fourth are employed in transportation and communications.

Agricultural employment is expected to resume its historic downward trend during the 1960's after a temporary interruption during the mid-1950's, when Khrushchev's "new lands" program added several million people to Soviet farms. In 1970, agricultural employment will still be high, constituting 40 percent of the civilian labor force.

Employment in the services, which increased by 32 percent in the 1950's, will increase by 40 percent during the 1960's. By 1970, 28 percent of the labor force will be working in service activities compared with 21 percent in 1950. Nevertheless, more people will still be employed in the nonagricultural productive industries (manufacturing, mining, and construction) than in the services.

THE RURAL POPULATION WILL CONTINUE TO DECLINE AS A PROPORTION OF THE TOTAL



RURAL AND URBAN POPULATION, 1940-70

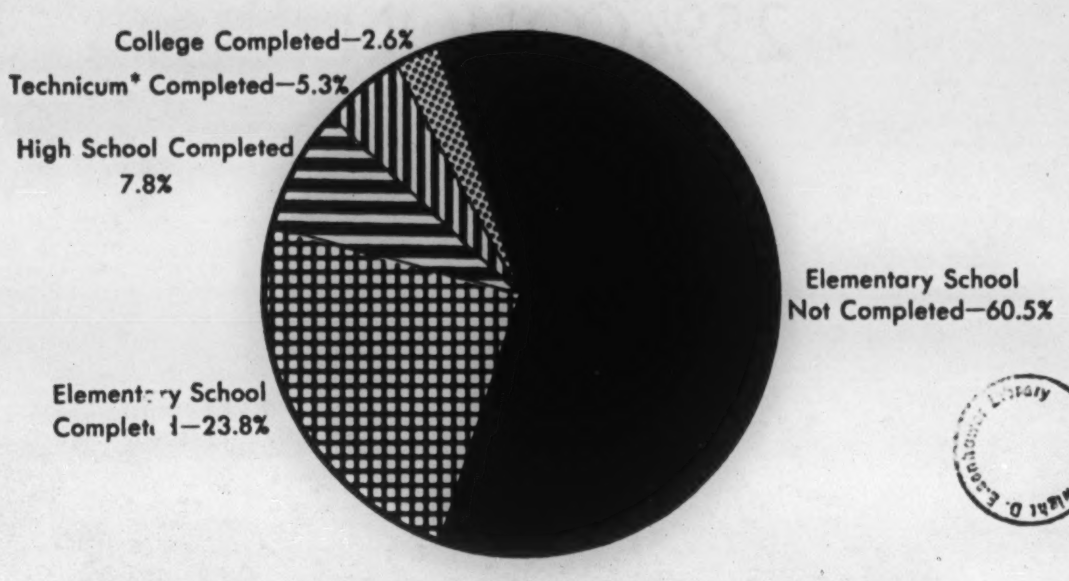
28902

The rural population of the USSR is expected to drop from 51 percent of the total in 1960 to 43 percent in 1970. Early in the decade the urban population for the first time will exceed the rural population.

Post-Stalin agricultural policies reduced the rate of rural-to-urban migration, resulting in the same rural population in 1950 and 1960. The rural population is expected to drop slowly to about 105 million by 1970.

Although Soviet agriculture probably will achieve sizable gains in productivity during the 1960's, the integration of surplus unskilled farm labor into the urban labor force will present difficult problems. Khrushchev has talked about urbanizing the countryside by developing "farm-cities" at existing farm sites, thus avoiding the necessity for providing additional housing and public utilities in already crowded urban areas. These farm-cities would provide training for jobs in industry and services for farm workers who become surplus through mechanization. Some such scheme may be necessary to cope with the anomaly of a huge farm labor force and a huge rural population in a country undergoing rapid industrialization.

THE EDUCATIONAL LEVEL OF THE POPULATION AND LABOR FORCE IS STILL LOW



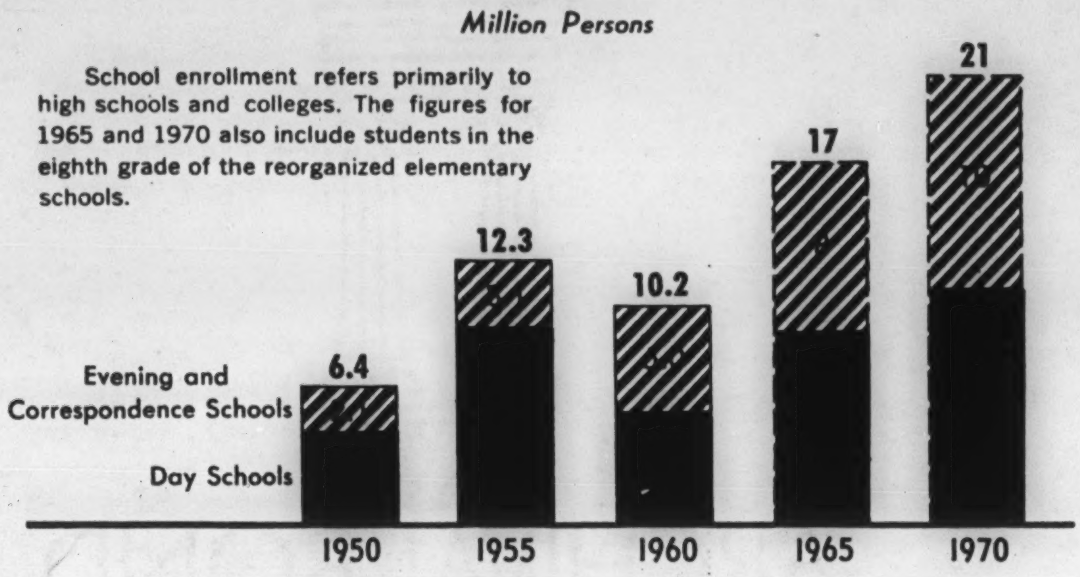
*The technicum is a specialized secondary school that trains nurses, dentists, elementary school teachers, and various kinds of technicians. Graduates have completed 1 to 3 years of schooling beyond the high school level.

EDUCATIONAL ATTAINMENT OF THE POPULATION (AGE 15 AND OVER), 1959

28903

Some idea of the educational level of the Soviet labor force may be obtained from the data on educational attainment of the entire adult population given in the 1959 census. In 1959, only 2.6 percent of the population 15 years old and over had graduated from college, and 60.5 percent had not even completed elementary school (7 years). Considerable educational progress was achieved by the USSR during the decade of the 1950's, after the 7-year elementary school was made compulsory in 1949. Even greater progress probably will be made during the 1960's, when an 8-year elementary education is scheduled to become compulsory.

THE PACE OF EDUCATIONAL PROGRESS WILL BE STEPPED UP SHARPLY DURING THE 1960's — EVENING SCHOOL ATTENDANCE IN HIGH SCHOOLS AND COLLEGES WILL PLAY A MAJOR ROLE



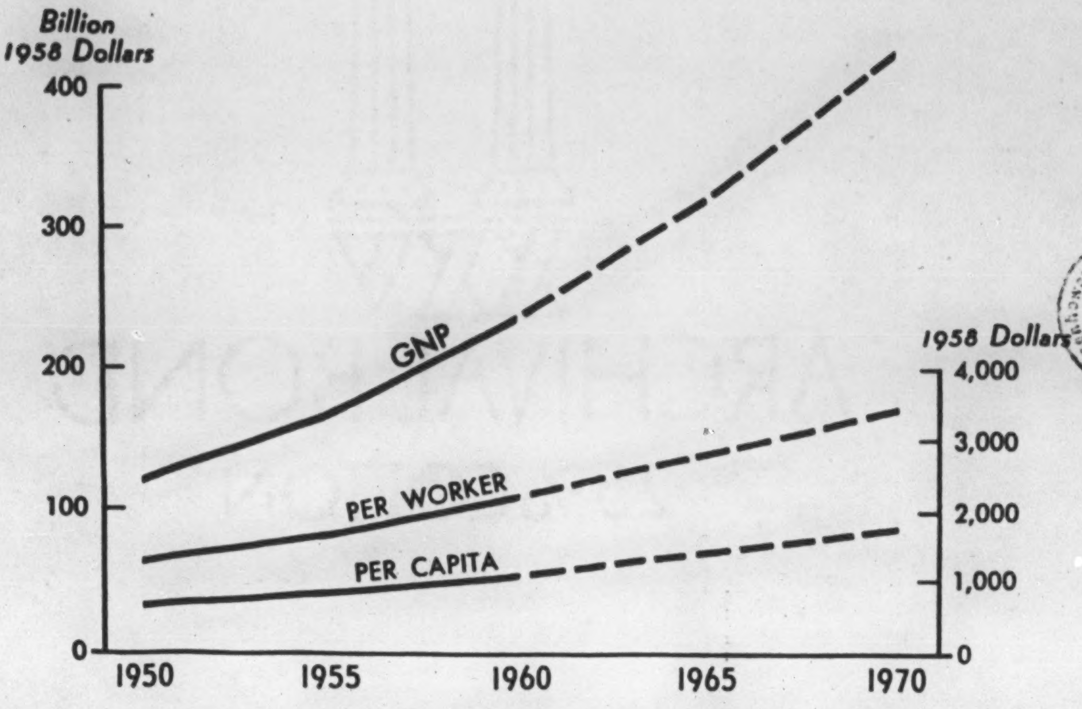
SCHOOL ENROLLMENT OF THE POPULATION OF WORKING AGE, 1950-70

28904

High school and college enrollment in the USSR will rise rapidly during the 1960's. The USSR is currently reorganizing its school system to place more emphasis on vocational education in high schools and on evening enrollment in both high schools and colleges. The 7-year elementary schools are to become 8-year schools, and attendance will be compulsory. The projected rise in day school enrollment during the early 1960's will result from the increased attendance in the eighth grade of the reorganized elementary schools as well as from the larger proportion of persons of high school age in the population. During the 1960's, 3.5 million to 4 million persons will be graduating from college compared with 2.5 million during the 1950's.

High school education is to be made "universally available" but not compulsory. The USSR also is tightening the controls over school enrollment to provide a more effective means of manipulating school enrollment in accordance with the need for labor. State authorities will decide whether graduates from the eighth grade are to go to work, to high school, or to a trade school. Those who go directly to work will be encouraged to attend evening classes. Enrollment in evening schools will expand almost as rapidly as that in day schools.

GROSS NATIONAL PRODUCT AND PRODUCTIVITY WILL CONTINUE TO RISE RAPIDLY



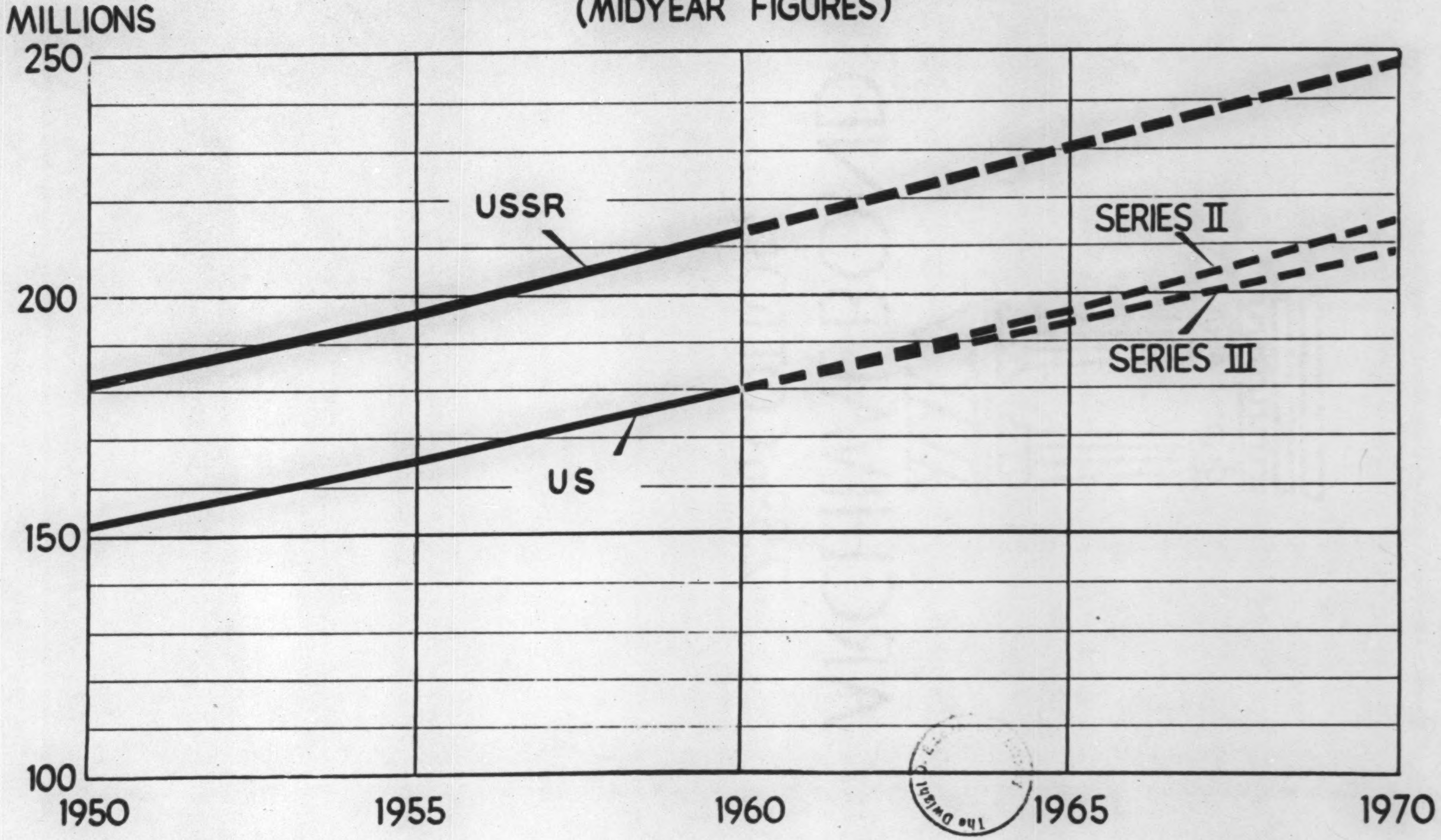
GROSS NATIONAL PRODUCT, 1950-70

28905

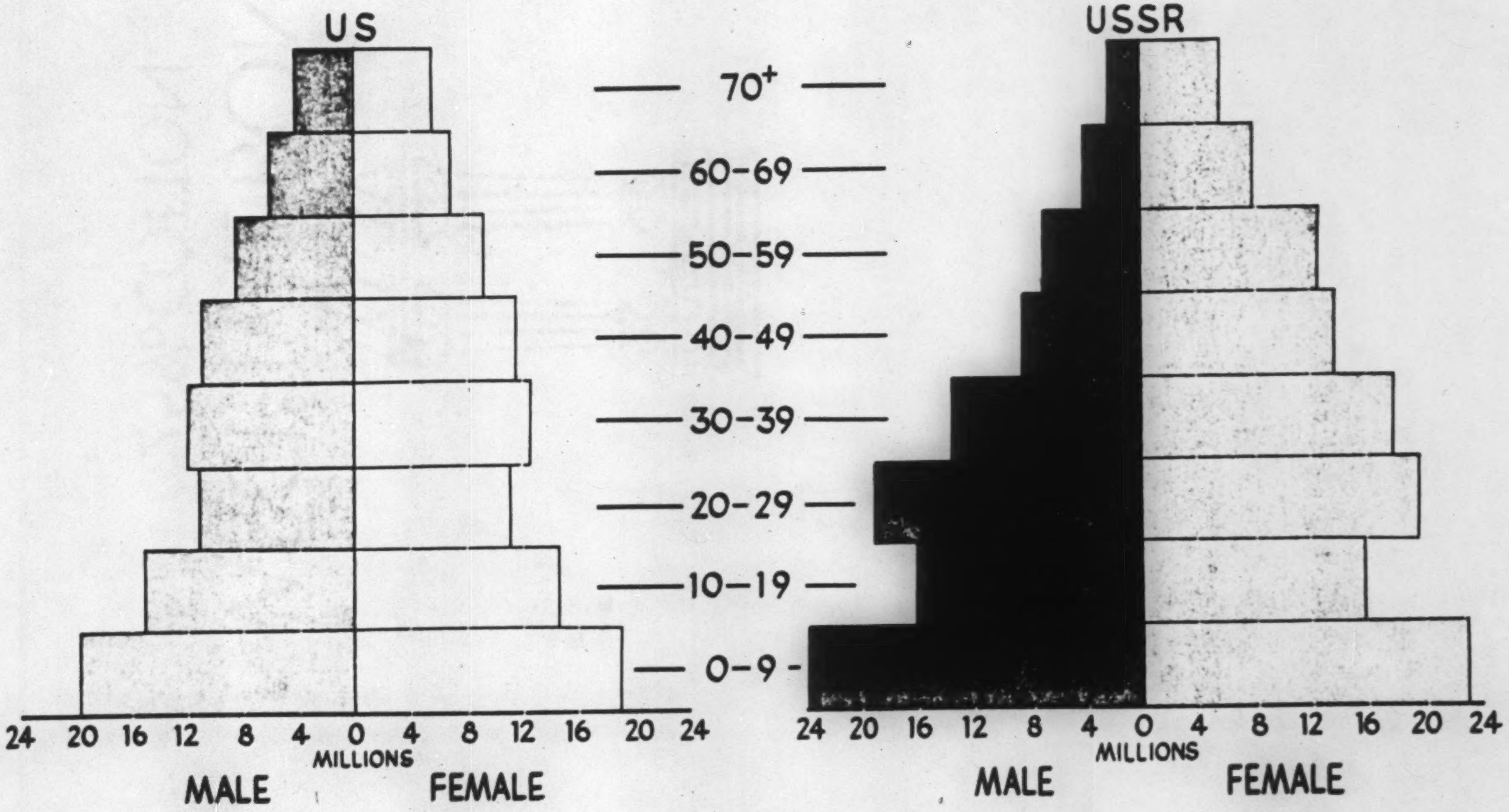
The continued rise in the level of education and skill of the Soviet labor force, along with progress in technology, should permit productivity to rise rapidly. Gross national product (GNP) is expected to increase about 6 percent annually during the 1960's, a little more slowly than during the 1950's. GNP per capita and GNP per worker (which is a rough measure of productivity) will each increase about 4.5 percent annually.

The high rate of increase in GNP should permit consumption per capita to increase substantially. By 1970 the standard of living of the average Soviet worker probably will be about 40 percent higher than the present level.

US AND USSR
POPULATION 1950 - 1970
(MIDYEAR FIGURES)

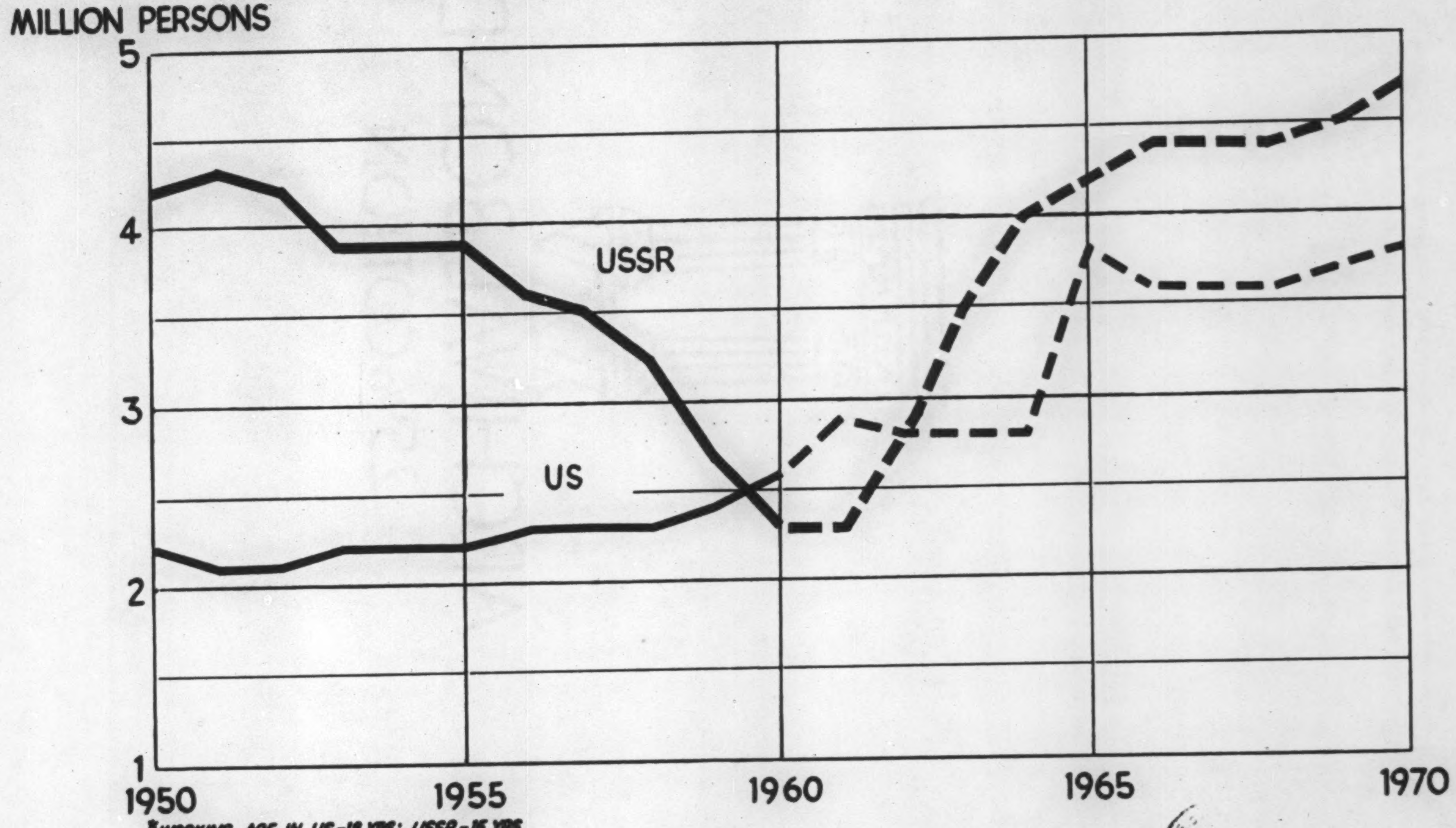


US AND USSR
POPULATION BY AGE AND SEX, 1959



US-USSR

PERSONS REACHING WORKING AGE, 1950-1970*

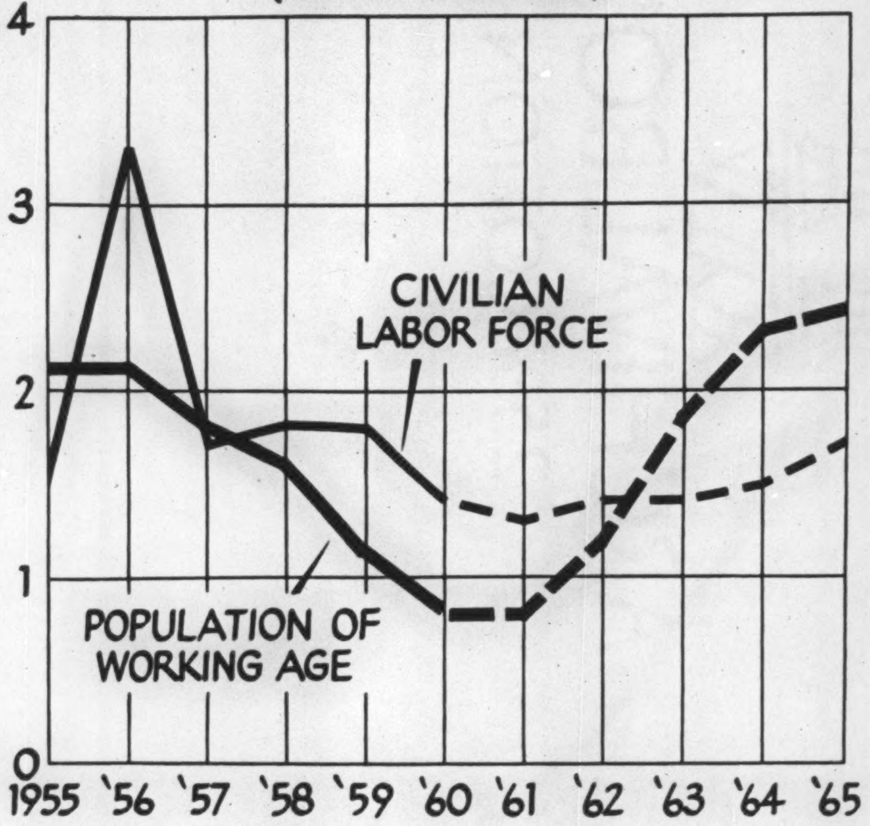


*WORKING AGE IN US-18 YRS.; USSR-15 YRS.

USSR

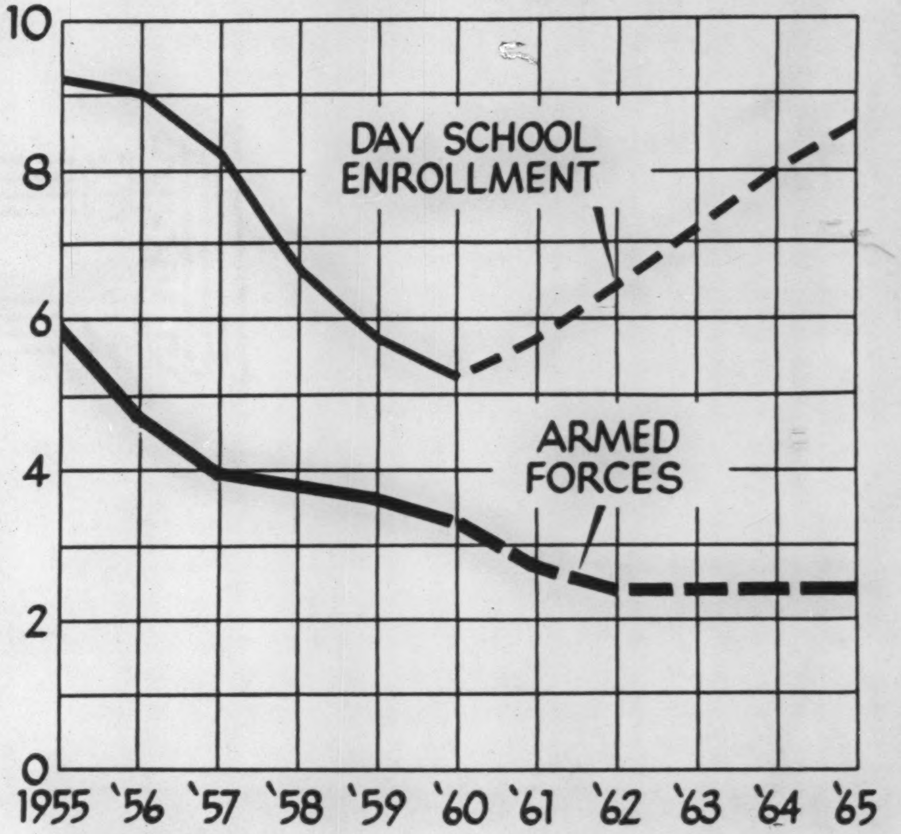
ANNUAL ADDITIONS TO POPULATION OF WORKING AGE AND TO CIVILIAN LABOR FORCE

(MILLION PERSONS)



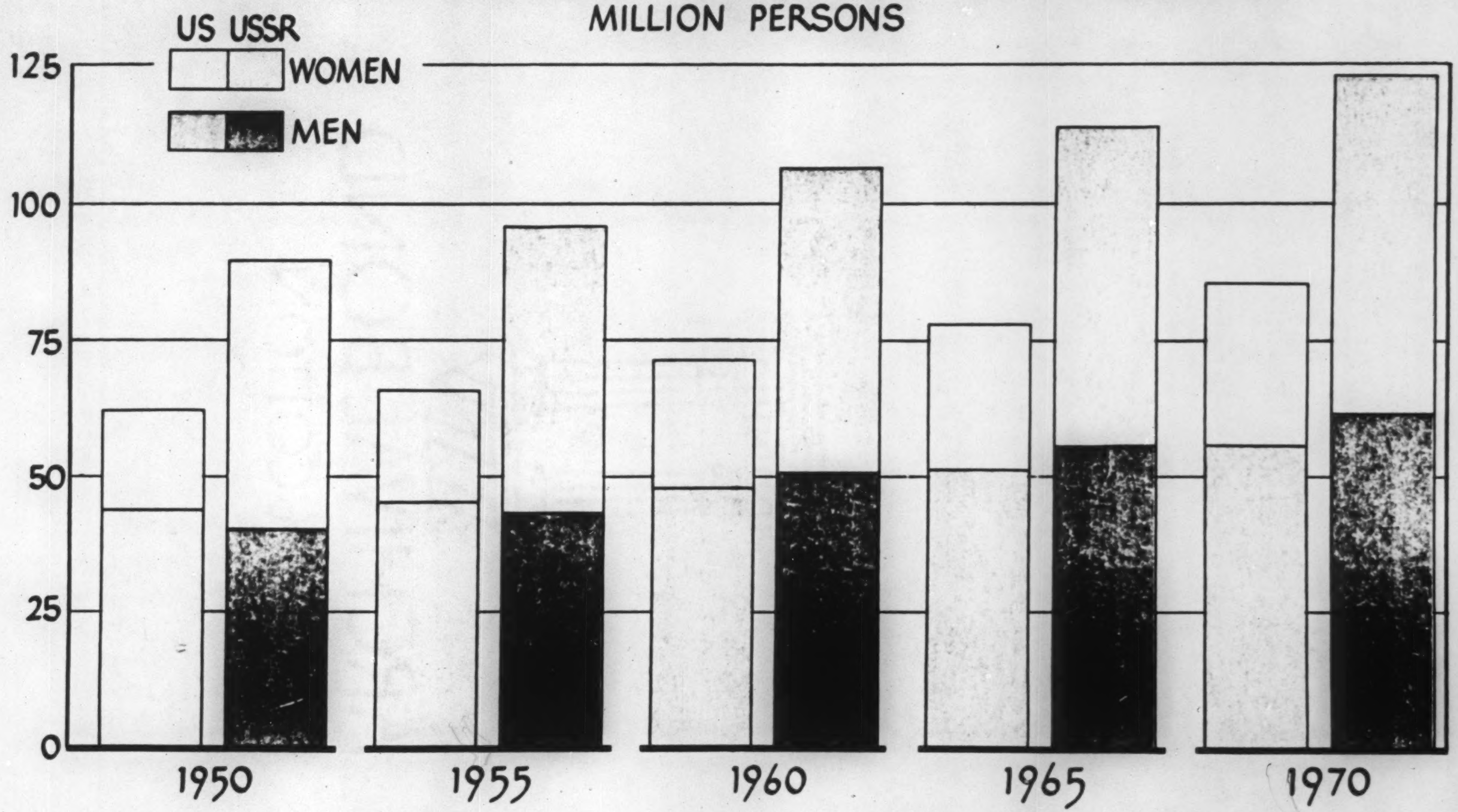
DAY SCHOOL ENROLLMENT* & SIZE OF ARMED FORCES

(MILLION PERSONS)

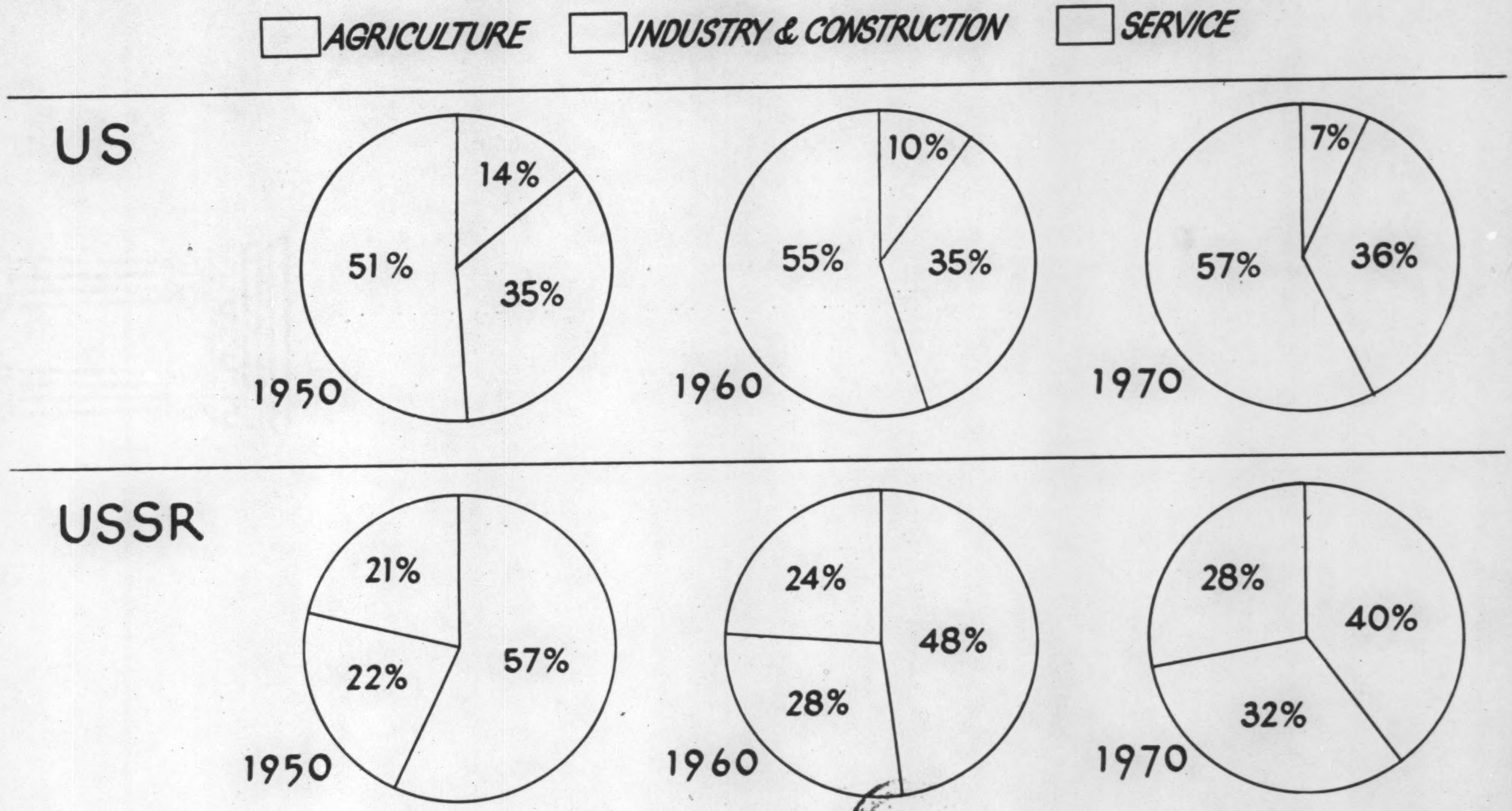


*AGE 15-69

US AND USSR
CIVILIAN LABOR FORCE, BY SEX, 1950-70
MILLION PERSONS

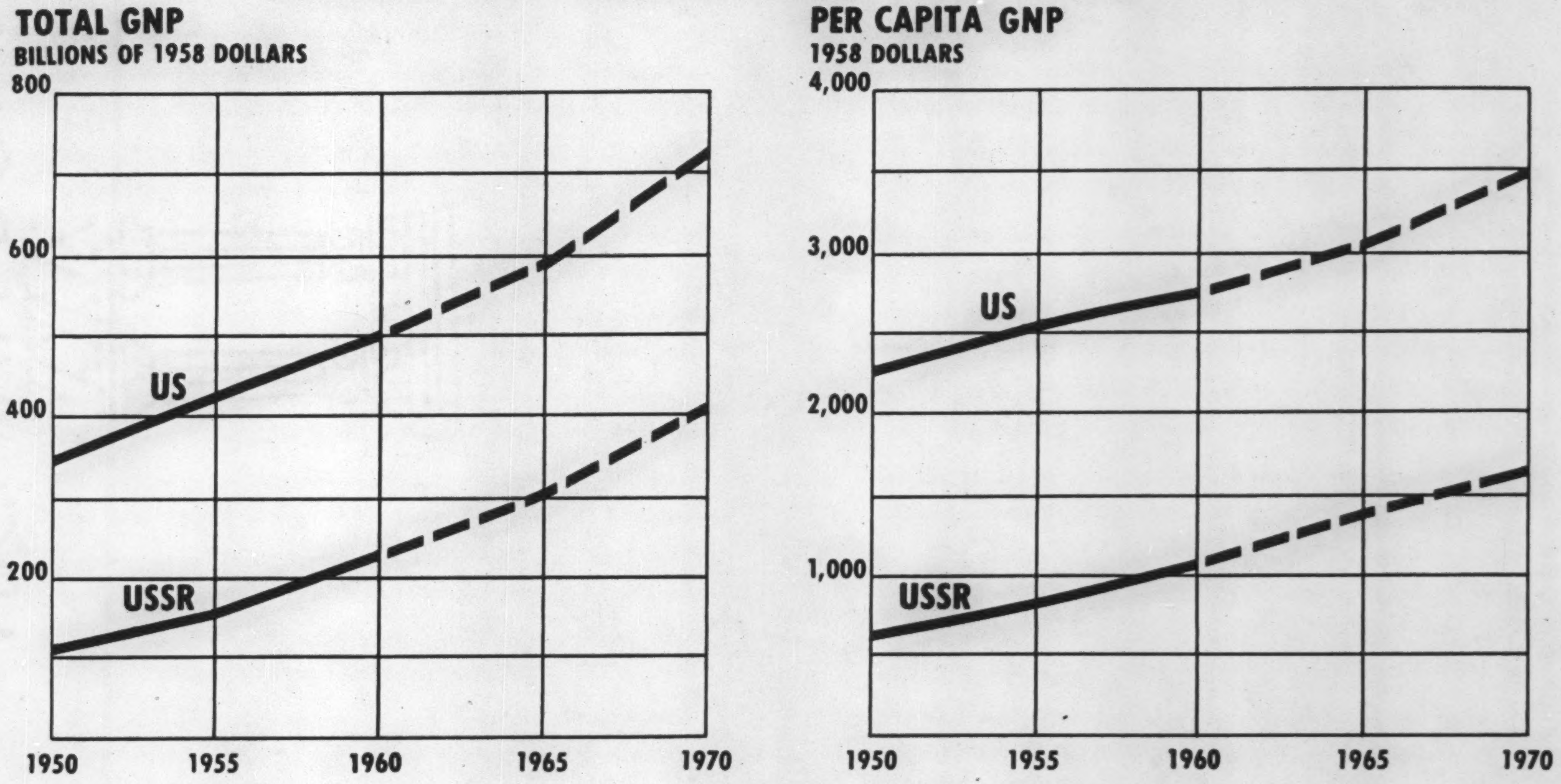


US AND USSR
EMPLOYMENT BY SECTOR, 1950-70



US AND USSR

GROSS NATIONAL PRODUCT, 1950-1970



CABINET PAPER—PRIVILEGED

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COPY NUMBER C00028

CP - 60-109

May 10, 1960

The White House

Washington

THE CABINET

Report of the Federal Radiation Council: Radiation Protection Guidance for Federal Agencies

For consideration by the Cabinet, attached is a document prepared by the Federal Radiation Council and submitted by its Chairman, the Secretary of Health, Education, and Welfare.

The Federal Radiation Council was established by Executive Order 10831 of August 14, 1959 and by Public Law 86-373 of September 23, 1959 to "advise the President with respect to radiation matters directly or indirectly affecting health, including guidance for all Federal agencies in the formulation of radiation standards...".

After extensive consultation with qualified advisers, including representatives of the National Committee on Radiation Protection, of the International Commission on Radiological Protection and of the National Academy of Sciences, and thorough interdepartmental consideration, the Council has prepared two documents. One is a long background paper, the other the attached Report to the President, drawn from and based upon the longer document.

It is the intent of the Council that following Presidential approval of this Report, the Report would be published soon, that its recommendations would be implemented by the affected Federal Agencies, and that its substance would be used as the basis for Administration testimony at the coming hearings on this subject before the Joint Congressional Committee on Atomic Energy.

This document is being given limited circulation; each recipient is requested to take special precautions to preserve its privileged nature.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

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COPY NO. 000028
CP 60 - 109
May 11, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Radiation Protection Guidance for Federal Agencies

Pursuant to Executive Order 10831 and P. L. 86-373, the Federal Radiation Council has made a study of the hazards and use of radiation. We herewith transmit our first report to you concerning our findings and our recommendations for the guidance of Federal agencies in the conduct of their radiation protection activities.

It is the statutory responsibility of the Council to "...advise the President with respect to radiation matters, directly or indirectly affecting health, including guidance for all Federal agencies in the formulation of radiation standards and in the establishment and execution of programs of cooperation with States..."

Fundamentally, setting basic radiation protection standards involves passing judgment on the extent of the possible health hazard society is willing to accept in order to realize the known benefits of radiation. It involves inevitably a balancing between total health protection, which might require foregoing any activities increasing exposure to radiation, and the vigorous promotion of the use of radiation and atomic energy in order to achieve optimum benefits.

The Federal Radiation Council has reviewed available knowledge on radiation effects and consulted with scientists within and outside the Government. Each member has also examined the guidance recommended in this memorandum in light of his statutory responsibilities. Although the guidance does not cover all phases of radiation protection, such as internal emitters, we find that the guidance which we recommend that you provide for the use of Federal agencies gives appropriate consideration to the requirements of health protection and the beneficial uses of radiation and atomic energy. Our further findings and recommendations follow.

Discussion

The fundamental problem in establishing radiation protection guides is to allow as much of the beneficial uses of ionizing radiation as possible while assuring that man is not exposed to undue hazard. To get a true insight into the scope of the problem and the impact of the decisions involved, a review of the benefits and the hazards is necessary.

It is important in considering both the benefits and hazards of radiation to appreciate that man has existed throughout his history in a bath of natural radiation. This background radiation, which varies over the earth, provides a partial basis for understanding the effects of radiation on man and serves as an indicator of the ranges of radiation exposures within which the human population has developed and increased.

The Benefits of Ionizing Radiation

Radiation properly controlled is a boon to mankind. It has been of inestimable value in the diagnosis and treatment of diseases. It can provide sources of energy greater than any the world has yet had available. In industry, it is used as a tool to measure thickness, quantity or quality, to discover hidden flaws, to trace liquid flow, and for other purposes. So many research uses for ionizing radiation have been found that scientists in many diverse fields now rank radiation with the microscope in value as a working tool.

The Hazards of Ionizing Radiation

Ionizing radiation involves health hazards just as do many other useful tools. Scientific findings concerning the biological effects of radiation of most immediate interest to the establishment of radiation protection standards are the following:

1. Acute doses of radiation may produce immediate or delayed effects, or both.

2. As acute whole body doses increase above approximately 25 rems (units of radiation dose), immediately observable effects increase in severity with dose, beginning from barely detectable changes, to biological signs clearly indicating damage, to death at levels of a few hundred rems.
3. Delayed effects produced either by acute irradiation or by chronic irradiation are similar in kind, but the ability of the body to repair radiation damage is usually more effective in the case of chronic than acute irradiation.

4. The delayed effects from radiation are in general indistinguishable from familiar pathological conditions usually present in the population.
5. Delayed effects include genetic effects (effects transmitted to succeeding generations), increased incidence of tumors, life-span shortening, and growth and development changes.
6. The child, the infant, and the unborn infant appear to be more sensitive to radiation than the adult.
7. The various organs of the body differ in their sensitivity to radiation.
8. Although ionizing radiation can induce genetic and somatic effects (effects on the individual during his lifetime other than genetic effects), the evidence at the present time is insufficient to justify precise conclusions on the nature of the dose-effect relationship at low doses and dose rates. Moreover, the evidence is insufficient to prove either the hypothesis of a "damage threshold" (a point below which no damage occurs) or the hypothesis of "no threshold" in man at low doses.

9. If one assumes a direct linear relation between biological effect and the amount of dose, it then becomes possible to relate very low dose to an assumed biological effect even though it is not detectable. It is generally agreed that the effect that may actually occur will not exceed the amount predicted by this assumption.

Basic Biological Assumptions

Because there are insufficient data to provide a firm basis for evaluating radiation effects for all types and levels of irradiation, and especially because there is great uncertainty on the biological effects at very low doses and low dose rates, it is prudent to use these conservative assumptions in providing radiation protection guides.

1. There is no point below which exposure to radiation will not have a biological effect.
2. There is a linear relation between biological effect and the amount of radiation dose extending down to zero.

These assumptions are indeed conservative and somewhat arbitrary. It is important that additional research be undertaken and new data developed to provide a firmer basis for evaluating biological risk. Appropriate member agencies of the Federal Radiation Council are sponsoring and encouraging research in these areas.

Recommendations

It is recommended that:

1. There should not be any man-made radiation exposure without the expectation of benefit resulting from such exposure. Activities resulting in man-made radiation exposure should be authorized for useful applications provided the recommendations set forth herein are followed.

It is recommended that:

2. The term "Radiation Protection Guide" be adopted for Federal use. This term is defined as the radiation dose which should not be exceeded without careful consideration of the reasons for doing so; every effort should be made to encourage the maintenance of radiation doses as far below this guide as practicable.

It is recommended that:

3. The following Radiation Protection Guides be adopted for normal peacetime operations:

Type of Exposure	Condition	Dose (rem)
Radiation Worker		
a) Whole body, head and trunk, active blood forming organs, gonads, or lens of eye	Accumulated dose	5 times the number of years beyond age 18
	13 weeks	3
b) Skin of whole body and thyroid	year	30
	13 weeks	10
c) Hands and forearms, feet and ankles	year	75
	13 weeks	25
d) Bone	body burden	0.1 microgram of radium-226 or its biological equivalent
e) Other organs	year	15
	13 weeks	5
Population		
a) Individual	year	0.5 (whole body)
b) Average	30 year	5 (gonads)

The following points are made in relation to the Radiation Protection Guides herein provided:

(1) For the individual in the population, the basic Guide for annual whole body dose is 0.5 rem. This Guide applies when the individual whole bodydoses are known. As an operational technique, where the individual whole body doses are not known, a suitable sample of the exposed population should be developed whose protection guide for annual whole body dose will be 0.17 rem per capita per year. It is emphasized that this is an operational technique which should be modified to meet special situations.

(2) Considerations of population genetics impose a per capita dose limitation for the gonads of 5 rems in 30 years. The operational mechanism described above for the annual individual whole body dose of 0.5 rem is likely in the immediate future to assure that the gonadal exposure Guide (5 rems in 50 years) is not exceeded.

(3) These Guides do not differ substantially from certain other recommendations such as those made by the National Committee on Radiation Protection and Measurements, the National Academy of Sciences, and the International Commission on Radiological Protection.

(4) The term "maximum permissible dose" is used by the National Committee on Radiation Protection (NCRP) and the International Commission on Radiological Protection (ICRP). However, this term is often misunderstood. The words "maximum" and "permissible" both have unfortunate connotations not intended by either the NCRP or the ICRP.

(5) There can be no single permissible or acceptable level of exposure without regard to the reason for permitting the exposure. It should be general practice to reduce exposure to radiation, and positive effort should be carried out to fulfill the sense of these recommendations. It is basic that exposure to radiation should result from a real determination of its necessity.

(6) There can be different Radiation Protection Guides with different numerical values, depending upon the circumstances. The Guides herein recommended are appropriate for normal peacetime operations.

(7) These Guides are not intended to apply to radiation exposure resulting from natural background or the purposeful exposure of patients by practitioners of the healing arts.

(8) It is recognized that our present scientific knowledge does not
p provide a firm foundation within a factor of two or three for selection of any particular numerical value in preference to another value. It should be recognized that the Radiation Protection Guides recommended in this paper are well below the level where biological damage has been observed in humans.

It is recommended that:

4. Current protection guides used by the agencies be continued on an interim basis for organ doses to the population.

Recommendations are not made concerning the Radiation Protection Guides for individual organ doses to the population, other than the gonads. Unfortunately, the complexities of establishing guides applicable to radiation exposure of all body organs preclude the Council from making recommendations concerning them at this time. However, current protection guides used by the agencies appear appropriate on an interim basis.

It is recommended that:

5. The term "Radioactivity Concentration Guide" be adopted for Federal use. This term is defined as the concentration of radioactivity in the environment which is determined to result in whole body or organ doses equal to the Radiation Protection Guide.

Within this definition, Radioactivity Concentration Guides can be determined after the Radiation Protection Guides are decided upon. Any given Radioactivity Concentration Guide is applicable only for the circumstances under which the use of its corresponding Radiation Protection Guide is appropriate.

It is recommended that:

6. The Federal agencies, as an interim measure, use radioactivity concentration guides which are consistent with the recommended Radiation Protection Guides. Where no Radiation Protection Guides are provided, Federal agencies continue present practices.

No specific numerical recommendations for Radioactivity Concentration Guides are provided at this time. However, concentration guides now used by the agencies appear appropriate on an interim basis. Where appropriate radioactivity concentration guides are not available, and where Radiation Protection Guides for specific organs are provided herein, the latter Guides can be used by the Federal agencies as a starting point for the derivation of radioactivity concentration guides applicable to their particular problems. The Federal Radiation Council has also initiated action directed towards the development of additional Guides for radiation protection.

It is recommended that:

7. The Federal agencies apply these Radiation Protection Guides with judgment and discretion, to assure that reasonable probability is achieved in the attainment of the desired goal of protecting man from the undesirable effects of radiation. The Guides may be exceeded only after the Federal agency having jurisdiction over the matter has carefully considered the reason for doing so in light of the recommendations in this paper.

The Radiation Protection Guides provide a general framework for the radiation protection requirements. It is expected that each Federal agency, by virtue of its immediate knowledge of its operating problems, will use these Guides as a basis upon which to develop detailed standards tailored to meet its particular requirements. The Council will follow the activities of the Federal agencies in this area and will promote the necessary coordination to achieve an effective Federal program.

If the foregoing recommendations are approved by you for the guidance of Federal agencies in the conduct of their radiation protection activities, it is further recommended that this memorandum be published in the Federal Register.

Chairman, Federal Radiation Council

The recommendations numbered "1" through "7" contained in the above memorandum are approved for the guidance of Federal agencies, and the memorandum shall be published in the Federal Register.

(Date)

CABINET PAPER—PRIVILEGED

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CP - 60-109/1

May 17, 1960

The White House

Washington

THE CABINET

Radiation Protection Guidance for Federal Agencies

The attached approved paper is circulated for the guidance of all Federal agencies affected.

This paper has been approved by the President following the Cabinet discussion at the May 12 meeting and following the submission of modifications pursuant to the agreements reached at that meeting (RA - 60-153, Item 4).

Agencies wishing copies of the longer staff paper on which this Report was based should make their requests to the Chairman of the Federal Radiation Council and directed to the attention of the Council's Secretary in Room 597 of the Executive Office Building.

As of today, the attached Report is not privileged.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

FOR RELEASE IN A.M. PAPERS OF TUESDAY, MAY 17, 1960

A. Wayne Hawks, Acting Assistant Press Secretary

THE WHITE HOUSE

THE WHITE HOUSE TODAY MADE PUBLIC THE FOLLOWING MEMORANDUM TO THE PRESIDENT FROM THE CHAIRMAN OF THE FEDERAL RADIATION COUNCIL. THE PRESIDENT APPROVED RECOMMENDATIONS NUMBERED 1 THROUGH 7 OF THE MEMORANDUM FOR THE GUIDANCE OF FEDERAL AGENCIES

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Radiation Protection Guidance for Federal Agencies

Pursuant to Executive Order 10831 and P.L. 86-373 the Federal Radiation Council has made a study of the hazards and use of radiation. We herewith transmit our first report to you concerning our findings and our recommendations for the guidance of Federal agencies in the conduct of their radiation protection activities.

It is the statutory responsibility of the Council to "...advise the President with respect to radiation matters, directly or indirectly affecting health, including guidance for all Federal agencies in the formulation of radiation standards and in the establishment and execution of programs of cooperation with States ..."

Fundamentally, setting basic radiation protection standards involves passing judgment on the extent of the possible health hazard society is willing to accept in order to realize the known benefits of radiation. It involves inevitably a balancing between total health protection, which might require foregoing any activities increasing exposure to radiation, and the vigorous promotion of the use of radiation and atomic energy in order to achieve optimum benefits.

The Federal Radiation Council has reviewed available knowledge on radiation effects and consulted with scientists within and outside the Government. Each member has also examined the guidance recommended in this memorandum in light of his statutory responsibilities. Although the guidance does not cover all phases of radiation protection, such as internal emitters, we find that the guidance which we recommend that you provide for the use of Federal agencies gives appropriate consideration to the requirements of health protection and the beneficial uses of radiation and atomic energy. Our further findings and recommendations follow.

Discussion

The fundamental problem in establishing radiation protection guides is to allow as much of the beneficial uses of ionizing radiation as possible while assuring that man is not exposed to undue hazard. To get a true insight into the scope of the problem and the impact of the decisions involved, a review of the benefits and the hazards is necessary.

It is important in considering both the benefits and hazards of radiation to appreciate that man has existed throughout his history in a bath of natural radiation. This background radiation, which varies over the earth, provides a partial basis for understanding the effects of radiation on man and serves as an indicator of the ranges of radiation exposures within which the human population has developed and increased.

The Benefits of Ionizing Radiation

Radiation properly controlled is a boon to mankind. It has been of inestimable value in the diagnosis and treatment of diseases. It can provide sources of energy greater than any the world has yet had available. In industry, it is used as a tool to measure thickness, quantity or quality, to discover hidden flaws, to trace liquid flow, and for other purposes. So many research uses for ionizing radiation have been found that scientists in many diverse fields now rank radiation with the microscope in value as a working tool.

The Hazards of Ionizing Radiation

Ionizing radiation involves health hazards just as do many other useful tools. Scientific findings concerning the biological effects of radiation of most immediate interest to the establishment of radiation protection standards are the following:

1. Acute doses of radiation may produce immediate or delayed effects, or both.

2. As acute whole body doses increase above approximately 25 rems (units of radiation dose), immediately observable effects increase in severity with dose, beginning from barely detectable changes, to biological signs clearly indicating damage, to death at levels of a few hundred rems.

3. Delayed effects produced either by acute irradiation or by chronic irradiation are similar in kind, but the ability of the body to repair radiation damage is usually more effective in the case of chronic than acute irradiation.

4. The delayed effects from radiation are in general indistinguishable from familiar pathological conditions usually present in the population.

5. Delayed effects include genetic effects (effects transmitted to succeeding generations), increased incidence of tumors, lifespan shortening, and growth and development changes.

6. The child, the infant, and the unborn infant appear to be more sensitive to radiation than the adult.

7. The various organs of the body differ in their sensitivity to radiation.

8. Although ionizing radiation can induce genetic and somatic effects (effects on the individual during his lifetime other than genetic effects), the evidence at the present time is insufficient to justify precise conclusions on the nature of the dose-effect relationship at low doses and dose rates. Moreover, the evidence is insufficient to prove either the hypothesis of a "damage threshold" (a point below which no damage occurs) or the hypothesis of "no threshold" in man at low doses.

9. If one assumes a direct linear relation between biological effect and the amount of dose, it then becomes possible to relate very low dose to an assumed biological effect even though it is not detectable. It is generally agreed that the effect that may actually occur will not exceed the amount predicted by this assumption.

Basic Biological Assumptions

There are insufficient data to provide a firm basis for evaluating radiation effects for all types and levels of irradiation. There is particular uncertainty with respect to the biological effects at very low doses and low-dose rates. It is not prudent therefore to assume that there is a level of radiation exposure below which there is absolute certainty that no effect may occur. This consideration, in addition to the adoption of the conservative hypothesis of a linear relation between biological effect and the amount of dose, determines our basic approach to the formulation of radiation protection guides.

The lack of adequate scientific information makes it urgent that additional research be undertaken and new data developed to provide a firmer basis for evaluating biological risk. Appropriate member agencies of the Federal Radiation Council are sponsoring and encouraging research in these areas.

Recommendations

In view of the findings summarized above the following recommendations are made:

It is recommended that:

1. There should not be any man-made radiation exposure without the expectation of benefit resulting from such exposure. Activities resulting in man-made radiation exposure should be authorized for useful applications provided the recommendations set forth herein are followed.

It is recommended that:

2. The term "Radiation Protection Guide" be adopted for Federal use. This term is defined as the radiation dose which should not be exceeded without careful consideration of the reasons for doing so; every effort should be made to encourage the maintenance of radiation doses as far below this guide as practicable.

It is recommended that:

3. The following Radiation Protection Guides be adopted for normal peacetime operations:

Type of Exposure	Condition	Dose (rem)
Radiation Worker		
a) Whole body, head and trunk, active blood forming organs, gonads, or lens of eye	Accumulated dose	5 times the number of years beyond age 18
	13 weeks	3
b) Skin of whole body and thyroid	year	30
	13 weeks	10
c) Hands and forearms, feet and ankles	year	75
	13 weeks	25
d) Bone	body burden	0.1 microgram of radium-226 or its biological equivalent
e) Other organs	year	15
	13 weeks	5
Population		
a) Individual	year	0.5 (whole body)
b) Average	30 year	5 (gonads)

The following points are made in relation to the Radiation Protection Guides herein provided:

(1) For the individual in the population, the basic Guide for annual whole body dose is 0.5 rem. This Guide applies when the individual whole body doses are known. As an operational technique, where the individual whole body doses are not known, a suitable sample of the exposed population should be developed whose protection guide for annual whole body dose will be 0.17 rem per capita per year. It is emphasized that this is an operational technique which should be modified to meet special situations.

(2) Considerations of population genetics impose a per capita dose limitation for the gonads of 5 rems in 30 years. The operational mechanism described above for the annual individual whole body dose of 0.5 rem is likely in the immediate future to assure that the gonadal exposure Guide (5 rem in 30 years) is not exceeded.

(3) These Guides do not differ substantially from certain other recommendations such as those made by the National Committee on Radiation Protection and Measurements, the National Academy of Sciences, and the International Commission on Radiological Protection.

(4) The term "maximum permissible dose" is used by the National Committee on Radiation Protection (NCRP) and the International Commission on Radiological Protection (ICRP). However, this term is often misunderstood. The words "maximum" and "permissible" both have unfortunate connotations not intended by either the NCRP or the ICRP.

(5) There can be no single permissible or acceptable level of exposure without regard to the reason for permitting the exposure. It should be general practice to reduce exposure to radiation, and positive effort should be carried out to fulfill the sense of these recommendations. It is basic that exposure to radiation should result from a real determination of its necessity.

(6) There can be different Radiation Protection Guides with different numerical values, depending upon the circumstances. The Guides herein recommended are appropriate for normal peacetime operations.

(7) These Guides are not intended to apply to radiation exposure resulting from natural background or the purposeful exposure of patients by practitioners of the healing arts.

(8) It is recognized that our present scientific knowledge does not provide a firm foundation within a factor of two or three for selection of any particular numerical value in preference to another value. It should be recognized that the Radiation Protection Guides recommended in this paper are well below the level where biological damage has been observed in humans.

It is recommended that:

4. Current protection guides used by the agencies be continued on an interim basis for organ doses to the population.

Recommendations are not made concerning the Radiation Protection Guides for individual organ doses to the population, other than the gonads. Unfortunately, the complexities of establishing guides applicable to radiation exposure of all body organs preclude the Council from making recommendations concerning them at this time. However, current protection guides used by the agencies appear appropriate on an interim basis.

It is recommended that:

5. The term "Radioactivity Concentration Guide" be adopted for Federal use. This term is defined as the concentration of radioactivity in the environment which is determined to result in whole body or organ doses equal to the Radiation Protection Guide.

Within this definition, Radioactivity Concentration Guides can be determined after the Radiation Protection Guides are decided upon. Any given Radioactivity Concentration Guide is applicable only for the circumstances under which the use of its corresponding Radiation Protection Guide is appropriate.

It is recommended that:

6. The Federal agencies, as an interim measure, use radioactivity concentration guides which are consistent with the recommended Radiation Protection Guides. Where no Radiation Protection Guides are provided, Federal agencies continue present practices.

No specific numerical recommendations for Radioactivity Concentration Guides are provided at this time. However, concentration guides now used by the agencies appear appropriate on an interim basis. Where appropriate radioactivity concentration guides are not available, and where Radiation Protection Guides for specific organs are provided herein, the latter Guides can be used by the Federal agencies as a starting point for the derivation of radioactivity concentration guides applicable to their particular problems. The Federal Radiation Council has also initiated action directed towards the development of additional Guides for radiation protection.

It is recommended that:

7. The Federal agencies apply these Radiation Protection Guides with judgment and discretion, to assure that reasonable probability is achieved in the attainment of the desired goal of protecting man from the undesirable effects of radiation. The Guides may be exceeded only after the Federal agency having jurisdiction over the matter has carefully considered the reason for doing so in light of the recommendations in this paper.

The Radiation Protection Guides provide a general framework for the radiation protection requirements. It is expected that each Federal agency, by virtue of its immediate knowledge of its operating problems, will use these Guides as a basis upon which to develop detailed standards tailored to meet its particular requirements. The Council will follow the activities of the Federal agencies in this area and will promote the necessary coordination to achieve an effective Federal program.

If the foregoing recommendations are approved by you for the guidance of Federal agencies in the conduct of their radiation protection activities, it is further recommended that this memorandum be published in the Federal Register.

ARTHUR S. FLEMMING
Chairman, Federal Radiation Council

The recommendations numbered "1" through "7" contained in the above memorandum are approved for the guidance of Federal agencies, and the memorandum shall be published in the Federal Register.

DWIGHT D. EISENHOWER

May 13, 1960

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

April 21, 1960

MEMORANDUM FOR: Colonel Edwin F. Black, USA
Military Assistant to the
Deputy Secretary of Defense

We have definitely scheduled for 10:00 a.m. Wednesday, 27 April, a run-through of the proposed presentation on our Defense position to be made to the Cabinet members at some date in the near future.

Mr. Brad Patterson, Assistant to the Secretary of the Cabinet, Captain Gray of General Twining's office and two or three from this office plan to attend. Robert Gray, Secretary of the Cabinet, may also be able to join us.

I am suggesting these people come to this office. If Secretary Douglas is still free to join us, he may want us to hold the presentation in his office; otherwise we can do it in mine.

O. M. Gale
Special Assistant

cc:
Brad Patterson (White House)
Adm. O'Beirne (JCS)
Capt. Gray (JCS)
Gen. Brown - Capt. Johnston

TOP SECRET

THE WHITE HOUSE
WASHINGTON

Tactical nuclear weapons

~~1220 bombers~~

USSR

1100 med

120 heavy

1220

US

1244 med

518 H

1762

418

6500 NM

10 by 1/1/60

2-3 NM CEP

8 MT. 6000 lbs

140-200 by 6/1961 - I

TOP SECRET

THE WHITE HOUSE
WASHINGTON

TOP SECRET

USSR Polaris

18 by 7/62

350 NM

2000 lb

CEP 2 NM

61-63 Sub-m.

1000 lb w.

500-1000 NM

CEP 1-3 NM

TOP SECRET

TOP SECRET

THE WHITE HOUSE
WASHINGTON

3.8 mt

(25 Snark)

1.5 mT 4+ with Titan

161

46 At

10 Tit

MM

0

Polaris - 5 Subs

80

800 KT 1200 mi

1.1 with Titan

136

+ 1 R Bllis

TOP SECRET

CABINET PAPER—PRIVILEGED

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June 2, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the item presented at the Cabinet meeting of Thursday, May 26, 1960:

1. Developments at the Summit and Their Significance

ACTION:

a) The Secretary of State will advise the President with respect to the usefulness of making public the text of the "keynote" statement with which the President was planning to open the Summit Conference.

b) The following guidance was suggested to Cabinet members for their answers to the inevitable questions about the U-2 incident and the Summit meeting:

i) As a nation we still have many methods and systems to provide warning against "Pearl Harbors".

ii) There should be no public speculation by Administration officers with respect to Mr. Khrushchev's motives, personal position or plans for the future.

iii) The information given at this meeting is not to be used by Administration spokesmen to stir up partisan political controversy.

Robert Gray
Secretary to the Cabinet

Approved by the President

June 1, 1960

CABINET PAPER

For Action

CABINET PAPER - PRIVILEGED Enclosure

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

May 27, 1960

FOR: Mr. Bradley Patterson, Assistant to
the Cabinet Secretary,
THE WHITE HOUSE

FROM: John A. Calhoun

Per your request of May 27 there is enclosed a draft Record of Action from the Cabinet Meeting of May 26.

CABINET PAPER - PRIVILEGED Enclosure

CABINET PAPER - PRIVILEGED

DRAFT RECORD OF ACTION, From Cabinet Meeting, May 26, 1960

A. The Secretary of State will advise the President with respect to the usefulness of making public the text of the "Keynote" statement with which the President was planning to open the Summit conference.

B. The following guidance was suggested to Cabinet members for the answers to the inevitable questions about the U-2 incident and the Summit meeting:

1. As a nation we still have many methods and systems to provide warning against "Pearl Harbor's."
2. There should be no public speculation by administration officers with respect to Mr. Khrushchev's motives, personal position, or plans for the future.
3. The information given at this meeting is not to be used by administration spokesmen to stir up partisan political controversy.

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CA - 60-154

May 25, 1960

The White House

Washington

THE CABINET

Agenda

2:30 p.m., Thursday, May 26, 1960

1.	Developments at the Summit and Their Significance	(Oral)	The Under Secretary of State for Political Affairs The Special Assistant to the Secretary of State (Mr. Bohlen)

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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CA - 60-155

June 1, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, June 3, 1960

1. Guidelines for the FY 1962 Budget (Oral) The President

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By JHC NLE, Date 8-12-76

MINUTES OF CABINET MEETING

June 3, 1960

9:00 a.m. -- 9:45 a.m.

The following were present:

President Eisenhower

Sec. Herter
Sec. Anderson
Sec. Gates
AG Rogers
PMG Summerfield
Sec. Seaton
Sec. Benson
Sec. Mitchell
Sec. Mueller
Sec. Flemming

Gov. Hoegh, OCDM
Chairman McCone, AEC
Dr. Saulnier, CEA
Mr. Allen, USIA
Mr. Floete, GSA
Mr. Waterman, NSF
Mr. Glennan, NASA
Gen. Quesada, FAA
Mr. Mason, HHFA
Mr. Whittier, VA

Mr. Douglas, Defense
Sen. Morton, RNC
Mr. Stans, BoB
  Mr. Staats

Gen. Persons
Dr. Kistiakowsky
Mr. Anderson
Mr. Lyons
Mr. Patterson
Mr. McCabe
Mr. Gordon Gray
Mr. Merriam
Mr. Robert Gray
Mrs. Wheaton
Col. Eisenhower
Gen. Goodpaster
Mr. McPhee
Mr. Kendall
Mr. Minnich

The President said that the one item on the agenda, on the budget, was there at his own request. After he finished talking about it a bit, he would be glad to discuss any implications of his remarks, or any other subjects Cabinet members cared to raise.

The President said the Administration had the responsibility of working up and leaving to the next Administration a budget that is fine and decent and in accordance with the Administration's philosophy.

The President recalled that the budget had gone up as a result of the Korean war to something like $73 billion; before Korea, defense had been at a level of $12.9 billion, but now it has reached $41 billion. He said that he did not quarrel with those elements of big budget that were essential to the security, the continued existence of the nation, or were obligations to citizens that could not be performed or carried on by themselves. Nevertheless, he thought, $73 billion was considerably too much and Republicans had set a goal of $60 billion. In addition, the new Administration desired to do other things, principally freeing the

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E.O. 11652, Section 1
By [illegible] NLE, Date 8-12-76

economy and accomplishing a tax cut. Those two things had been done despite a clamor that Republicans would ruin the country. They were done also despite opposition and, in the case of decontrol, having to battle what might be called a spirit of collectivity. The President went on to remind the Cabinet that before the budget could be substantially reduced, Sputniks had come along, and even earlier (in 1955) he had been receiving reports that seemed to demand larger missile expenditures. Now in rectrospect, perhaps a little too much was done even in that regard because of an almost hysterical fear among some elements of the country. The President was convinced that decisions should never be made under conditions of fear, and he was concerned even now lest decisions be made under fear of incurring the displeasure of the populace. The important thing, he said, was to remain true to our own beliefs and convictions.

The President asserted that it was not necessary, despite conditions to the contrary, for the Federal budget to increase every year just because the population increased. It could readily be seen that there had been something like 10% inflation in seven years which constituted at least creeping inflation. He thought Republicans could be proud of the term "conservatism" so long as they conserved the things in the nation that have made us great, simultaneously giving attention to the need for new programs and adopting things that really are essential. But even new programs did not necessarily mean more money for everything. Given the present $81 billion budget level, he thought that to spend just to appease some political influence would be doing the country a disservice.

The President then took up the subject of personnel and noted that some Departments had done very well in getting personnel levels under control. But others had shown a tendency to keep increasing personnel with every new job that had to be done. He hoped that these agency heads could learn a little bit more about improvisation. Just as the factor of increased productivity was important in the economy, agency heads ought to look for more efficiency within government and eliminate the service of people who are not "delivering" to the extent they should. He recognized that this would probably mean getting into some unpalatable fights but it would be important to accomplishing any savings that could be had even in the 6 months remaining. The President thought that perhaps top Administration officials themselves had not been sufficiently courageous and determined to stop the trend to higher expenditures.

The President then called attention to what he considered an excellent article by Henry Wriston and an accompanying editorial in the June 1st issue of the Wall Street Journal (a paper he said he did not ordinarily see but would now try to read frequently). Mr. Wriston had preached a gospel of self-determinance and the fallacy of the collectivist doctrine. This prompted the President to recall what he had said along similar lines to some Columbia Freshmen in 1949 in an effort to encourage initiative and appreciation of opportunity rather than an overemphasis on security.

The President thought that a specific reason for unduly high expenditures is the great amount that the Federal government does to try to make

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E.O. 11652, Section 1
By DWC NLE, Date 8-12-76

life happy in a sort of cradle to grave security, and he told an anecdote about the individual who, in his after life, became so satiated with pleasures that he finally wished he might rather be in Hell -- only to be told that he was already there! The President stressed his feeling that the money involved was really secondary to the basic values of self-dependence, self-confidence, courage, and a readiness to take a risk.

The President also pointed out the continued need in government of people who can make the hard decisions such as refusing more funds offered by Congressional Committees, or rejecting costly projects that cannot really be justified -- as some of the glamorous research proposals in DoD.

The President hoped there could be real cooperation by the Cabinet with a resultant unity of thinking and a chorus of statements of purpose.

After Sec. Benson commented that the President had expressed exactly his feelings, the President added that he had wanted the Cabinet to have this view of his outlook prior to departure for the Far East because work on the 1962 budget would be getting well underway. The President said that he did not by any means intend to rob the widow or endanger the country, rather he meant that the guide should be our national needs. Hence he was not going to issue any flat edict such as "no new starts." Neither did he want to imply criticism of the Cabinet for their efforts through the years.

Sec. Gates, compelled by the bigness of his Department to say at least something, agreed that there were places where reductions could be made such as in transportation costs, rotation of personnel and so on; but the really big money was in terms of maintenance and operations, where the cost of supporting the people currently in the services was up some $400 million. M&O was getting to be considerably more than half of the DoD budget, and if reductions were to be made effectively, there would have to be reductions in force levels with ensuing effects wherever the services were involved -- NATO and all of the rest. Mr. Gates agreed that the fancy research should be cut out but actually there ought to be more research rather than less in order to reduce the dependence on personnel with all of the accompanying costs of fringe benefits, etc.

The President then recalled some of his own experiences with military personnel and his surprise on finding after World War II that he had been the only Field Commander who ever recommended demotion of Generals who proved unfit for their assignment. He recalled again the story about the 16 - $10,000 Civil Service people who were assigned to an ad hoc project simply to clear the way for capable personnel to take over their functions. The President noted the difficulty of insuring efficiency over the years when the personnel procedures seemed to encourage efficiency reports that invariably read "excellent" all the way through. He recalled that it seemed as if any

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

reporting officer who made any comment short of excellent on an efficiency report was almost put on trial to prove his case.

Mr. Stans wished to add the thought that this is the desirable time for sweeping out dark corners since this Administration is leaving office and might thus be doing a service for the next one. At the same time, the next Administration would be free to reinstate funds if it desired to continue anything this Administration recommended for closeout. Mr. Benson ruefully recalled Agriculture efforts to terminate expensive projects like the lime program, but Congress would never go below $190 million a year for this even though it served to increase production and defeat other agricultural programs. The President recalled his own difficulty in trying to prevent conservation payments from being made to his tenant farmer for the Gettysburg operation.

Gen. Quesada wanted the Cabinet to know that FAA had succeeded in resisting the addition by the Congress of $575 million to its budget last year. It took a vigorous fight but FAA won its battle and did not get the money! As a result, Gen. Quesada thought, the agency won rather than lost the respect of members of its Congressional Committee, and also achieved better morale within the agency as a result of the internal discipline undertaken during the fight. He encouraged Cabinet members to insist on talking personally with subordinates who were prone to making end runs on budgetary matters.

The President thought Gen. Quesada merited a medal for this -- not to be financed by Federal funds!

* * * * *

It was agreed that there would be no Cabinet meeting next week because of the absence from town of many members.

LAM
L. A. Minnich, Jr.

Copy to:
✓Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

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RA - 60-155

June 4, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action statement from the meeting of Friday, June 3, 1960:

1. **Guidelines for the FY 1962 Budget**

The President instructed the members of his Cabinet and agency heads to prepare their submissions for his FY 1962 Budget in the light of the following:

a) The criterion must be: what is truly necessary for our country's existence and safety and for meeting those obligations of government to its citizens which result from their not being able to provide certain things themselves.

b) ~~Insofar~~ free, as our watchword is the "risk-taking responsibilities of self-confident individuals", we will be true to the principles which have ~~preserved~~ developed our nation; insofar as ~~it has been~~ the nation has followed "cradle to the grave security", we have dulled our resistance to unwise federal spending and to a creeping inflation.

c) Increase in our population is not per se a valid argument for allowing an [illegible] rise in the curve of federal expenditures ~~to~~ [illegible]; in some cases, indeed, they ought ~~nevertheless~~ to be decreased.

d) For the FY 1962 submission, the Administration ~~is to aim at an amount below~~ [illegible] figure FY 1961 in the aggregate, ~~and for [illegible]~~, recognizing that there are no hip-pocket formulas or blanket prescriptions to ~~achieve this~~ balance needs and costs.

e) Administration leaders must rekindle and militantly restate their philosophy and conviction as conservatives -- meaning by this the preserving of what is worthwhile in our nation without depending unreasonably upon the Federal Treasury. Actual dollar amounts are in a sense secondary; the important thing is: what are we doing to our country? but following policies that

followed [illegible]

f) The FY 1962 Budget presents the ideal opportunity for each department and agency head to "clean house" and to ~~[illegible]~~ programs or activities where their ~~[illegible] has been~~ ~~[illegible] outweighed by other considerations~~. to include the undoing of damage done.

g) In the research area, that which seems visionary should be neither accepted nor discarded outright, but rather searched and judged in the light of the principles we hold.

h) None of these budget decisions ~~must~~ is to be made under [illegible] hysteria or fear, ~~and~~ neither ~~[illegible]~~ by the temptation ~~[illegible]~~

[illegible] they be influenced [illegible] partisan gain.

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h) (continued) to seek popularity through increased appropriations, ~~nor~~ we are not to be swayed by the prospect of unpalatable political battles.

i) A rigidly honest stand on appropriations which are not needed, as well as on those which are, results in increased respect from the Congress as well as heightened internal morale and discipline.

j) If the Congress, and where the law does not require expenditures, makes available more funds for FY 1961 than are requested, agencies should reserve the increases and carry them forward to the maximum practical extent to FY 1962.

k) Our personnel goal should be to improve the use of our existing personnel resources, to increase efficiency, to heighten productivity, to improvise if necessary rather than accept the easy way of simply increasing the bureaucracy.

l) Efficiency reports on individual federal personnel should be forthrightly honest; candor which has been omitted or compliments which are false only end up by saddling the taxpayer and the Executive with employees who are inefficient but undischargeable; funds for inefficient employees should be viewed as "robbing the pocket" of each department's resources for truly needed programs.

m) The remaining days of FY 1960 give an opportunity to hold down year-end employment, and thereby provide a low base for FY 1961.

n) No proper means should be overlooked to explain the perspective and principles of the President to senior agency subordinates generally, especially to those inclined to "axe-grinding" or "end-running".

o) To a compartmented ~~and centrifugal~~ Executive Branch we must ~~oppose both~~ apply a unity of thinking and better methods of cooperative endeavor.

p) The President commended to the attention of the Cabinet an article by Dr. Henry Wriston in the Wall Street Journal of June 1 together with the Journal's editorial [both being circulated by the Cabinet Secretariat].

Robert Gray

Robert Gray
Secretary to the Cabinet

CABINET PAPER—PRIVILEGED RA - 60-155

Property of the White House—For Authorized Persons Only June 4, 1960

The White House

Washington

THE CABINET

Record of Action

The [illegible] Eisenhower Library

The following is the action statement from the meeting of Friday, June 3, 1960:

1. Guidelines for the FY 1962 Budget

The President instructed the members of his Cabinet and agency heads to prepare their submissions for his FY 1962 Budget in the light of the following:

a) The criterion must be: what is truly necessary for our country's existence and safety and for meeting those obligations of government to its citizens which result from their not being able to provide certain things themselves.

b) Insofar as our watchword is the "risk-taking responsibilities of free, self-confident individuals", we will be true to the principles which have developed our nation; insofar as the nation has followed "cradle to the grave security", we have dulled our resistance to unwise federal spending and to a creeping inflation.

c) Increase in our population is not per se a valid argument for allowing an equivalent rise in the curve of federal expenditures; in some cases, indeed they ought to be decreased.

d) For the FY 1962 submission, the Administration will use as a guide FY 1961 in the aggregate, recognizing that there are no hip-pocket formulas or blanket prescriptions to balance need and costs.

e) Administration leaders must rekindle and militantly restate their philosophy and conviction as conservatives -- meaning by this the preserving of what is worthwhile in our nation without depending unreasonably upon the Federal Treasury but following policies that permit growth. Actual dollar amounts are in a sense secondary; the important thing is: what are we doing for and to our country?

f) The FY 1962 Budget presents the ideal opportunity for each department and agency head to "clean house" and to blue-pencil programs or activities where their experience indicates the wisdom of doing so.

g) In the research area, that which seems visionary should be neither accepted nor discarded outright, but rather searched and judged in the light of the principles we hold.

h) None of these budget decisions is to be made under any hysteria or fear. Neither should they be influenced by the temptation to seek popularity through increased appropriations. We are not to be swayed by the prospect of unpalatable political battles.

i) A rigidly honest stand on appropriations which are not needed, as well as on those which are, results in increased respect from the Congress as well as heightened internal morale and discipline.

j) If the Congress makes available more funds for FY 1961 than are requested, and where the law does not require expenditure, agencies should reserve the increases and carry them forward to the maximum practical extent to FY 1962.

k) Our personnel goal should be to improve the use of our existing personnel resources, to increase efficiency, to heighten productivity, to improvise if necessary rather than accept the easy way of simply increasing the bureaucracy.

l) Efficiency reports on individual federal personnel should be forthrightly honest; candor which has been omitted or compliments which are false only end up by saddling the taxpayer and the Executive with employees who are inefficient but undischargeable; funds for inefficient employees should be viewed as "robbing the pocket" of each department's resources for truly needed programs.

m) The remaining days of FY 1960 give an opportunity to hold down year-end employment, and thereby provide a low base for FY 1961.

n) No proper means should be overlooked to explain the perspective and principles of the President to senior agency subordinates generally, especially to those inclined to "axe-grinding" or "end-running".

o) To a compartmented Executive Branch we must apply a unity of thinking and better methods of cooperative endeavor.

p) The President commended to the attention of the Cabinet an article by Dr. Henry Wriston in the Wall Street Journal of June 1 together with the Journal's editorial [both being circulated by the Cabinet Secretariat].

Robert Gray
Secretary to the Cabinet

Approved by the President

June 8, 1960

CABINET PAPER—PRIVILEGED

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~~DRAFT~~

OK with M. Stans as amended

June 4, 1960

The White House

Washington

THE CABINET

Record of Action

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CABINET PAPER

For Action

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Robert Gray
Secretary of the Cabinet

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June 30, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, July 1, 1960

1.	Food for Peace	(Oral)	The Food for Peace Coordinator The Secretary of Agriculture The Secretary of State The Director, International Cooperation Administration
2.	Preparing for the Presidential Transition	CP - 60-110	The Director, Bureau of the Budget
3.	Closing Report on the FY 1960 Budget	(Oral)	The Director, Bureau of the Budget
4.	Report From the Governors' Conference	(Oral)	The Deputy Assistant to the President for Interdepartmental Affairs
5.	Answer Desk	(Oral)	The Deputy Assistant to the President for Interdepartmental Affairs

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Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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MINUTES OF CABINET MEETING

July 1, 1960

9:10 a.m. -- 10:45 a. m.

The following were present:

President Eisenhower

Vice President Nixon

Sec. Herter
Sec. Anderson
Sec. Gates
Mr. Walsh
  for AG Rogers
PMG Summerfield
Mr. Bennett
  for Sec. Seaton
Sec. Benson
Mr. Ray
  for Sec. Mueller
Sec. Mitchell
Sec. Flemming

Mr. Stans, BoB
  Mr. Staats
Mr. McCone, AEC
Mr. Patterson, OCDM
Dr. Saulnier, CEA
Mr. Floete, GSA (in part)
Mr. Mason, HHFA (in part)
Mr. Whittier, VA (in part)
Mr. Roger Jones, CSC (in part)
Mr. W. Randolph Burgess, US Rep. to NATO
Mr. Glennan, NASA (in part)

Mr. Douglas Dillon, State
Mr. George Allen, USIA
Dr. Max Myers, FAS
Mr. James Riddleberger, ICA(in part)
  Dr. D. A. Fitzgerald (in part)
Mr. Clarence Miller, Agri. (in part)
Mr. Oliver Gale, RNC (in part)

Gen. Persons
Col. Eisenhower
Mr. Gordon Gray
Mr. Robert Gray
Gen. Goodpaster
Mr. Harlow
Mr. Kendall
Mr. Lambie
Mr. Lyons
Mr. McPhee
Mr. Merriam
Mr. Morgan
Dr. Paarlberg
Mr. Patterson
Mr. Price
Mrs. Wheaton
Mr. Minnich

The President opened the meeting with the comment that he had been engaged in an effort to save $800 million (the pay raise) but had lost it since it was not possible to organize enough strength on either side to make any sort of a showing on the veto sustain vote. He said that the Leadership had talked to all the Republicans and those Democrats that Senators Russell and Byrd had suggested. (See also comment at end of meeting.)

Food for Peace - Mr. Paarlberg introduced this presentation by noting the fine outcome, as regards public opinion in India, from the P.L. 480 agreement recently accomplished. He recalled that the

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Date Dept ltr. 11/5/75
By DJH, NARS Date 11/24/75

~~CONFIDENTIAL~~

P. L. 480 program had been started in 1954 for the purpose of surplus disposal, but in the intervening six years it has been found to be a useful adjunct to foreign policy.

Sec. Benson focused his comments on the Food for Peace program announced by the President early in 1959, for which Agriculture was given the basic responsibility but in close coordination with State Department. He emphasized the high purpose of the program, then noted that American farmers outproduce Russian farmers by 5 to 1, and he concluded that Russia cannot possibly compete with us in a Food for Peace effort.

Dr. Myers, Director of the Foreign Agriculture Service, presented a number of charts showing surpluses and disposal, world areas of food surplus and deficit, and U.S. exports in terms of funding. He emphasized that there are no starving people in the world, but there are many hungry people. He saw a need to do two things: increase the flow of foodstuffs from surplus to deficit areas, and increase agricultural production in the deficit areas to avoid permanent and perhaps disastrous dependence on foreign supply. He pointed out that one-sixth of U.S. agricultural acreage produces for export, that nearly three-fourths of American agricultural exports are commercial rather than governmental, that dollar sales of U.S. products are increasing, that countries like Japan and Italy have "graduated" from the program, that the U.S. has not disrupted normal markets by its operations, and that other nations are now joining in the Food for Peace activity.

Dr. Myers expected that the program can be expanded somewhat by continuing efforts, but that no spectacular breakthrough can be foreseen.

Mr. Dillon concurred in Agriculture's evaluation of the worth of the program, and he called attention particularly to the favorable reaction in India. He stressed that Food for Peace cannot serve to replace economic development assistance.

Mr. Dillon then outlined the essential problem connected with large U.S. holdings of local currencies, and the undesirable impact, if only psychologically, within a country where such a situation obtains. He compared U.S. holdings of Indian rupees with what the equivalent would be in terms of dollars if some other country had such holdings of our money. This would amount, he said, to a $25 billion indebtedness of the United States to some other country. Consequently, he felt that the United States should increase its grants of food and should also seek the removal of restrictions on the use of counterpart funds. He felt they could be used much more extensively for such beneficial and highly approved activities as education, health, and sanitation efforts.

Mr. Dillon said that the United States must always exercise caution and restraint in its P.L. 480 activities so as to avoid any extensive criticism that could be exploited by the Communists. Some such criticism has occurred, he pointed out, but our efforts to consult with the countries involved has served to overcome some of this, as for instance in the recent discussions of wheat utilization. Some smaller countries, he said, nevertheless have difficulty understanding precisely what is involved, as in the case of Thailand and the rice transactions.

Mr. Riddleberger noted how P.L. 480 helps to provide local currencies which often are used for economic development. He also emphasized the people-to-people food donation programs through the voluntary agencies and international organizations, as well as government direct grants.

Dr. Paarlberg concluded the presentation with emphasis on the need of avoiding the creation of any permanent dependency, the need for meeting the demands of a rapidly growing world population, the importance of not flooding the market, or eroding U.S. commercial exports. He concluded that most of these hazards have been avoided thus far.

Dr. Paarlberg hoped that this program could be encouraged and that there could be further exploration for new activities. Finally, he pointed out that an increased authorization will be needed next January.

In discussion, Sec. Anderson inquired as to the impact of the drought in Europe and of the change in U.S. subsidies of domestic production. Dr. Myers said that recent increases have been caused by more than just the drought, and he noted particularly the vast expansion of textile production. Sec. Benson saw a need for more imports by foreign countries of either livestock or feedgrains because of their efforts to get improved diets.

Sec. Anderson wondered what the Congressional reaction would be to the idea of increasing grants and reducing loans. Sec. Benson thought there would be mixed feelings. Sec. Anderson noted that even farmers are sensitive to the idea of giveaways since that might cause an increase of opposition to agricultural subsidies. He did not know how possible it would be to accomplish this recommendation. Sec. Anderson also pointed out the problem connected with the undesirable use by foreign countries of dollar loans for getting consumer items instead of production development. He cautioned against any new program that would increase this trouble.

Sec. Herter was concerned over the emphasis by some farm groups on a philosophy that continued production of surpluses is important to foreign policy. Sec. Benson said that the farm organizations are divided over this view.

(A memorandum on the facts set forth in this presentation was subsequently prepared by Dr. Paarlberg and is attached.)

Presidential Transition (CP 60-110) - Mr. Stans went over the problems connected with the transition from one Administration to the next, and hoped that assurances could be given to the American people that this Administration is acting to minimize the problems. He felt that the President should designate a member of the White House Staff to work with the agencies and, if the President so desired, with the candidates of both Parties on a nonpartisan basis. He called attention to the Brookings project which was designed to provide a neutral ground for discussions with members of both Parties. He felt that the Brookings project would be helpful and not at all troublesome. He then called attention to the proposals for timely arrangements within the Departments, as outlined in the Cabinet paper.

The President was doubtful of the value of the Brookings project since Administration officials were well aware of the problems and could be expected to take the desired necessary actions. He expressed his favor for such things as intelligence briefings of the candidates, but beyond that he felt there was not much that would be practicable until after the election, since private citizens associated with the candidates would not be willing to put in time while the election outcome was still uncertain.

The President reminisced on the 1953 transition, recalling Mr. Steelman's desire to stay on after inauguration, and his subsequent "advertising" of his position as advisor to President Eisenhower as well as President Truman!

The President thought that briefings for the President-elect should be more comprehensive then in the past, so as to include adequately the activities of USIA, and ICA -- in short, the whole complex of things important to our foreign relations. Mr. Herter ascertained that this might be done after the election, not before.

The President recognized that the matter would be easy to handle if the Vice President wins, for he is well acquainted with problems and procedures. Should the other man win, then there would be a requirement for taking great care so that there would be no risk of disaster during the transition. The President recalled how he had known pretty well how things worked in the security area so that he did not need to come to Washington in advance.

The President reminded the Cabinet of the difficulties encountered in 1953 with regard to personnel and the problem of instituting new policies when the continuing staff groups wanted to sell other projects. In the White House, the President remembered, this would be no problem since the entire Staff leaves with the President except for the Executive Clerk.

The President cautioned against any project that would bring outsiders too deeply into Government matters on a contingency basis. Mr. Stans did not see this as the problem. Rather the immediate need was for Departmental planning beginning now, especially since the Cabinet would be involved considerably in the election campaign later on.

Gen. Persons suggested that the Cabinet paper be staffed further prior to decision. Sec. Benson noted that his people were already being invited by Brookings to join discussions, and he asked for guidance on the extent of cooperation that would be in order. Mr. Staats suggested that consultation be limited to procedures, not including any policy discussions. General Persons added that material given to Brookings, even though the Institute is well intended, could get into other hands and be exploited. The Vice President seconded this view, especially since so many people are at hand for ax-grinding during a campaign. The Vice President did believe it essential for the President to reassure the country as to the Administration's willingness to cooperate in all appropriate ways.

Gen. Persons suggested that the Departments check in with Mr. Merriam in regard to invitations from Brookings. The President desired that Gen. Persons keep in close touch with the matter.

Following this discussion, the Cabinet papers were turned in.

Governors' Conference - After noting that the climate was windy and the terrain was "rocky," Mr. Merriam said that the Governors had been concerned in their business meetings primarily with education, Federal-State relations, and problems of the aged. He felt that the Governors now are more ready to speak out against some of the sacred cows in the field of education, such as the arbitrary figures covering size of classrooms and teacher-student ratios. He said that the Governors had not shown much interest in accepting Mr. Stans' encouragement for getting a 50-50 basis for all grant programs, mostly because the Governors do not want to increase taxes at home.

Mr. Gates commented that he had started a project of "pricing out" the recommendations in Mr. Rockefeller's proposed defense program. This could amount to perhaps $10 billion rather than the $3 billion estimated by Mr. Rockefeller. The President noted Congress' seeming willingness to spend freely, as witness the pay bill. Gen. Persons recalled the general acceptance by the Congress of the Administration's defense program. Sec. Gates felt that Representatives Mahon and Ford and Sen. Saltonstall deserved much praise for the outcome.

Answer Desk - Mr. Merriam recalled the 1956 project and the intent now to reinstitute the Answer Desk under the direction of Oliver Gale. He hoped that Agency heads would cooperate in this personally, particularly as regards suggesting useful material. Mr. Gale commented briefly on the arrangements being made. He also stressed the importance of the Departments originating material, as well as supplying answers on request.

The President expected that the Administration record would be very much under the microscope. He thought it a good record, and one that would look even better if compared with the 7-1/2 years of the Truman Administration, particularly as regards changes in the cost of living, Defense preparedness, etc.

The President wondered if the Vice President was working with

Thruston Morton to develop lists and schedules of speakers. The Vice President replied affirmatively.

FY 60 Budget - Mr. Stans gave a preliminary report on the outcome of FY '60, stated that a surplus of about $1 billion is in sight, and perhaps a little more when the final figures are in. He said that the improved situation resulted from the fact that personal tax receipts had more than offset the drop in corporate tax receipts, and from a lower level of expenditures than anticipated in January, especially with respect to interest payments, CCC costs, etc.

Pay Increase - In connection with the previous item, the Vice President remarked that the surplus just about covered the $800 million lost by the pay raise.

The President wondered how he could be expected to help toward the election of Republican candidates when he had been stressing fiscal responsibility so much only to be met by this irresponsible legislation. The Postmaster General commented on the tremendous power wielded by a very small clique, a most disturbing development with respect to the future of the Nation. The Vice President commented on how little sense there was in the action from a political viewpoint, since the people involved were pretty well oriented as to voting and there was little margin for changing outlooks. The President recalled the example of 1956 when Republicans lost votes in farm areas where they were supposed to be strong, and did well in the cities where they were supposed to be weak, and this even though only two labor leaders voiced support for the Republican Party.

LAM
L. A. Minnich, Jr.

Copy to:
Mrs. Whitman (2)
Mr. Gray
Mr. Minnich

July 8, 1960

FOOD-FOR-PEACE

A Review and an Explanation
by
Don Paarlberg, Food-For-Peace Coordinator
The White House
Washington

I. The concept of Food-For-Peace is the associating of our agricultural capability with the need for food abroad. This is in a world which for the first time in history has the possibility of feeding its people adequately.

  A. Agricultural abundance in the United States is a present and a prospective fact.

    1. The CCC investment in loans and inventories is now near $9 billion. In a joint study done by USDA and the Bureau of the Budget, projected for five years on the basis of present legislation, this investment is expected to continue to advance.

    2. American agricultural science, technology, and education are the best in the world. The American farmer outproduces the farm worker of the Soviet Union by a ratio of about four or five to one.

  B. Food needs abroad are substantial.

    1. In the developing nations, which are about three-fourths agricultural, live nearly a billion people. They have a low level of food intake. They need our farm products and our agricultural know-how.

    2. It is to our interest, in our efforts to help the developing nations, to emphasize an area in which we have a great comparative advantage, which is agriculture.

  C. The Food-For-Peace program thus has two objectives.

    1. Move our inventories of farm products which, if not moved, are a wasting asset.

    2. Serve the foreign economic policy purposes of the United States.

II. The program provides both food and know-how.

  A. About two-thirds of our agricultural exports are sold for dollars in the regular commercial channels. This is the desired type of trade; our special export programs work toward the development of this kind of exchange.

  B. Important to the Food-For-Peace effort are the special export programs, carried on primarily under Public Law 480, enacted in 1954.

    1. Title I, sales forforeign currency, is the largest of the various special export programs.

more

a) An illustration is the recent Indian four-year program, totaling $1,276 million.

587 million bushels of wheat (half of one U. S. wheat crop)

22 million hundredweight of rice (half of one U. S. rice crop)

On the average, this will be a shipload of food each day for four years.

Uses of the rupees generated by this program:

42.5%: loans to India for economic development, including agricultural betterment.

42.5%: granted back to the Indian government, largely for economic development.

5.0%: loans to private United States and Indian business firms.

10.0%: U.S. uses, including agency programs and market development.

b) Total movement under Title I from 1954 to December 31, 1959; the equivalent of more than 4,000 shiploads:

wheat	$1,736 million, market value
cotton	636 million, market value
fats and oils	544 million, market value
other	803 million, market value
Total	$3,719 million, market value
plus ocean transportation	437 million
plus excess of CCC cost over market value	1,632 million
Grand Total	$5,788 million

2. Under the Mutual Security Act we have sold, for foreign currency, in a program similar to Public Law 480, from 1954 to December 31, 1959, about $1,700 million worth of food, feed and fiber. This is the equivalent of about 1,250 shiploads.

3. Title II, Relief of Disaster, a government-to-government program, is an important part of Food-For-Peace.

a) As an example, during a drought in Yugoslavia in 1955, we put in, on short notice, 43 million dollars worth of bread grains. Presently we supply food to Chile and Agadir.

more

b) Total movement under Title II from 1954 to December 31, 1959; the equivalent of about 200 shiploads:

bread grains	$262 million
milk	69 million
rice	41 million
other	105 million
Total	$477 million
plus ocean freight	108 million
Grand Total	$585 million

4. Another important part of Food-For-Peace is Title III, donations through non-profit charitable agencies such as CARE, Catholic Relief Services, and Church World Service.

   a) Seventy-five million American people support this program through their gifts, their work, and their membership in these voluntary agencies.

   b) U. S. surplus food is thus distributed in ninety-three countries. Eighty million people abroad get a part of their food from this source.

   c) Movement under Title III from 1954 to December 31, 1959: Total, mostly wheat, milk, and rice, including ocean freight:

      $1,234 million, the equivalent of about 450 shiploads.

5. Additionally, we have bartered surplus agricultural products for strategic and other materials such as manganese, chrome, and industrial diamonds.

   a) From 1954 to December 31, 1959, $1,140 million worth of surplus farm products have thus been bartered. This is the equivalent of 800 shiploads.

6. Altogether, from 1954 through 1959, approximately the following quantities of surplus agricultural products have been moved:

	Number of Shiploads
Sales for foreign currency	
Under Public Law 480	4,000
Through the Mutual Security Act	1,250
Relief of disaster (government to government)	200
Donations through charitable agencies (people to people)	450
Bartered for strategic and other material	800
Total	6,700

more

C. Associated with our special export programs is United States assistance to agricultural production abroad. The objective is to help other countries develop their agriculture in accordance with their capabilities and in a manner which will retain appropriate export opportunities for American farm products.

1. Twelve hundred U. S. agricultural technicians are now working overseas for ICA.

2. Through 1959, Ex-Im Bank has approved loans for irrigation and water supply (some urban) totaling $210 million.

3. Through 1959, the Development Loan Fund has approved loans for agriculture and irrigation abroad totaling $55 million.

4. The ICA program, in promoting balanced agricultural development abroad, averages about $50 million a year.

5. In addition, local currencies generated by Public Law 480 are used by foreign governments, with our help and guidance, for agricultural improvement.

6. Results of this activity are hard to measure. Foreign governments themselves have made substantial contributions to agricultural improvement. These things seem clear:

a) Agricultural production abroad has increased. During the past decade the annual rates of increase for four selected countries were as follows:

Colombia	2.4%
India	3.0%
Turkey	6.3%
Mexico	7.0%

b) There have been no major famines during the past decade.

c) Nutritional levels in the underdeveloped parts of the world have crept up slightly.

d) Agriculture generally has kept abreast of or ahead of the population increase.

e) American export trade in agricultural products has increased, both total and dollar sales.

III. Many governmental agencies cooperate in the Food-For-Peace program.

A. The Departments of Agriculture and State, including ICA, have major responsibility.

B. Other Departments and agencies which have responsibility are Treasury, Budget, Commerce, Ex-Im Bank, and Defense.

more

C. The Food-For-Peace Coordinator is an expediter and an elucidator. He does not have operating responsibility.

D. Consultations, formal and informal, are held with other governments and with agencies of the United Nations.

IV. The program presents both accomplishments and hazards.

A. Accomplishments of the Food-For-Peace program have been significant.

1. We have relieved our heavy inventory position. Without Public Law 480, the CCC investment in surplus commodities would be about twice its present level.

2. We have won good will abroad. The "Indian Express" editorialized thus after signing of the recent Public Law 480 program with India:

> "The Eisenhower-Patil food agreement stands out as an act of good faith in human relations. It is of high material value enhanced by the terms and the timing. It is of far greater import in terms of the spirit . . . of faith in human ideals and in the striving to retain them."

3. We have helped some countries (Japan, Italy, Austria, and other countries of Western Europe) "graduate" from sales for foreign currencies to sales for dollars. The special export programs have meant additional exports; sales of farm products for dollars have likewise increased.

4. Through market development, we have built dollar markets such as the market for U. S. poultry in Germany and for U. S. fats, oils and wheat in Japan.

B. Hazards of the Food-For-Peace program are also significant.

1. We must beware of making the developing countries dependent upon us, indefinitely, with their growing populations, for our continuing help.

2. We must avoid flooding the recipient countries with our food, depressing their farm prices and hurting their agriculture.

3. We must not unwisely stimulate agricultural production abroad, thereby depriving the United States of legitimate export markets.

4. We must not give away, barter, or sell for foreign currency food and fiber that we could otherwise sell for dollars.

5. We must not antagonize other agricultural exporting countries by usurping their markets.

6. We must not, through the accumulation of excess supplies of foreign currencies, create fiscal problems for our own or for foreign governments.

more

   7. We must not, by our use of these surpluses, provide a rationale for the continuation of unwise farm legislation.

   8. Most important, and on the other side of the coin, we must not, for fear of the above hazards, forego the use of our capability in the agricultural field. We must not bury our talent.

C. An evaluation may be in order.

   1. The accomplishments of the program have been demonstrated; for the greater part the hazards have been avoided.

   2. Accomplishments exceed public understanding. There is need for greater enlightenment.

   3. Public Law 480, which began primarily as a surplus disposal program, has demonstrated its usefulness as a positive arm of U. S. foreign economic policy.

V. Some questions and some answers.

A. Can and should the program be expanded?

It can and should. Increases will be modest rather than sensational.

B. Can this program "solve the farm problem?"

No, not by itself.

C. Is additional Food-For-Peace legislation needed?

Only slight changes in Public Law 480. Legislation with respect to the program is generally adequate.

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RA - 60-156

July 6, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Friday, July 1, 1960:

1. Food for Peace

ACTION: The Cabinet noted the strong points, problem areas and continuing potential of the disposal of U. S. agricultural surpluses under the Food for Peace Program.

2. Preparations for the Presidential Transition (CP - 60-110

ACTION: a) The President suggested that action on transition matters should in the main be conducted in the post-election period.

b) Such actions as may be appropriate now are to be taken only after White House coordination through the Assistant to the President.

c) Having served its purpose for the members of the Cabinet, Cabinet Paper 60-110 is withdrawn.

3. Closing Report on the FY 1960 Budget

ACTION: The final figures not being yet firm, no public reference should be made to this repert until next week.

4. Report From the Governors' Conference

Information item only.

5. Answer Desk

ACTION: a) Since the purpose of this undertaking is initiative as well as response, Cabinet members should notify Mr. Robert Merriam or Mr. Oliver Gale, in advance, of actions or figures about to be made public which could assist the objective of the operation.

(continued next page

5. Answer Desk (continued)

b) Each Cabinet member is to render full cooperation to Messrs. Merriam and Gale

- i) by designating an appropriate liaison officer;
- ii) in working with them to prepare the advance materials they require (an immediate component of which should be comparisons of the past seven years and the nearly equal period of the Truman Presidency);
- iii) in furnishing information rapidly when called upon during the coming months.

Approved by the President
July 6, 1960

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

June 30, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, July 1

1. Food for Peace (Messrs. Paarlberg, Benson, Herter, Dillon and Riddleberger)

As the designated "Food for Peace" Coordinator, Don Paarlberg has been working with Agriculture, ICA and State preparing this systematic Cabinet presentation which will: (a) summarize the latest information on the U. S. supply available for export, (b) show where the world food surplus and deficit areas are, (c) explain what the U. S. has done already, (d) discuss the significance of this program for our foreign policy, and (e) indicate the importance of all the Departments working together to continue getting the benefits from this undertaking. The above-listed officers will each participate briefly; charts will illustrate some of the data.

2. Preparing for the Presidential Transition (Director Stans)

Director Stans considers it essential that the Cabinet turn its attention to the transition planning which lies ahead of all of us. "Lead-time" is involved here, too, and rather than rush at the last moment, Director Stans is proposing one or two very preliminary steps of an organizational nature. The responsibility for a smooth transition will rest not alone on the White House but on each outgoing Cabinet Member and agency head.

3. Closing Report on the FY 1960 Budget (Director Stans)

The Fiscal Year 1960 will have ended at midnight before the Cabinet meeting. Director Stans will make a very brief summary.

4. Report From the Governors' Conference (Mr. Merriam)

Mr. Merriam has just returned from the Governors' Conference in Montana; he will report on the policy or program developments of significance to the Administration.

5. Answer Desk (Mr. Merriam)

Mr. Oliver Gale (formerly personal assistant to Secretaries McElroy and Gates) is joining the Republican National Committee to set up and manage the Answer Desk operation.

This subject is on the agenda for the purpose of informing all the members of the Cabinet what the arrangements and procedures will be and what will be expected of each of them.

Robert Gray
Secretary to the Cabinet

July 1, 1960

CABINET PRESENTATION ON FOOD-FOR-PEACE

Introduction by Don Paarlberg, Food-For-Peace Coordinator.

Mr. President, we shall report on the Food-For-Peace program. This program has two objectives. One is to find overseas outlets for our very large volume of farm products. The other is to help meet the food and fiber needs of our friends abroad. We endeavor to associate our excess supplies with their need.

You have repeatedly expressed an interest in making use of our agricultural abundance to meet the needs of friendly foreign nations. Two months ago you signed a four-year agreement to sell sixteen million tons of wheat and one million tons of rice to India, for rupees.

The program which has become known as Food-For-Peace was begun six years ago as Public Law 480. At that time it was considered to be almost wholly a surplus disposal program. We hoped we would be able to dispose of these surpluses without excessively disturbing the other agricultural exporting countries or the countries to which we shipped the products. Our experience during these past six years reveals that the Food-For-Peace program can be, and is, a useful adjunct to our foreign economic policy.

When the program was begun it was generally believed that government stocks of wheat and cotton could, in a few years, be reduced to more modest proportions. We have learned, however, that the pace of the scientific revolution in agriculture is very rapid, more rapid than Congressional action to up-date our price-support legislation. Consequently, the program has taken on a longer time dimension than was originally contemplated.

We shall summarize for you our six years of experience. In so doing, we shall indicate not merely the problems but also the accomplishments and opportunities associated with this program.

The Food-For-Peace program is an interdepartmental effort. The Departments of Agriculture and State, including ICA, have major responsibility. But the Bureau of the Budget, Treasury, Commerce, Defense, and other agencies are likewise concerned. My role, as Coordinator, is primarily that of expediter.

Our presentation will begin with a statement by Secretary Benson, followed by reports from Max Myers, Administrator of the Foreign Agricultural Service in the Department of Agriculture, the agency which has prime operating responsibility. Thereafter we will hear from Under Secretary Dillon and ICA Director Riddleberger. After these men have spoken I will have a brief closing comment.

It would be well, I believe, to withhold questions until the entire presentation has been made. There will then be opportunity for comments. Secretary Benson, I believe we are ready.

July 1, 1960

SECRETARY BENSON -- CABINET PRESENTATION

Mr. President:

A year and a half ago -- January 29, 1959 -- you announced formally, in a Special Message to Congress, your Food for Peace Program.

Subsequently, you requested the Secretary of Agriculture to "take the lead within Government in organizing and energizing this effort". You also emphasized that "this must be . . . done in the closest of collaboration with the Department of State in particular, as well as with other agencies concerned".

The Food for Peace Program makes sense any way you look at it. There are hungry people in the world. We need outlets for our price-depressing agricultural surpluses. We need more friends abroad.

America is a generous country in the family of nations. We have always sought to help others attain the same level of living and human dignity to which we aspire.

Also by helping needy friendly countries with our surpluses, we are at the same time increasing the stature of the United States in the eyes of the world. This image is tangible. It cannot be blotted out with propaganda because by using food as a major instrument of foreign policy, we are doing what the Communists would like to do but can't.

We are making our God-given bounty available to the less fortunate -- not in the spirit of a wasteful give-away but rather in the spirit of genuine helpfulness.

The D... Eisenhower Library

This gives all humanity a greater chance to meet the demands of the present and the challenge of the future. It provides us with stronger and truer allies.

And in competition with the growing threat of atheistic Communist penetration, we are using food to defeat the very weakest link in modern society -- hunger -- which the Communists most wish to exploit.

(Exhibiting charts showing comparative productivity of U. S. and Soviet farmers.)

As this chart shows, the Communists cannot effectively exploit the food needs of the world in terms of their own productivity. One U. S. farm worker provides for himself and 24 other persons. The Russian worker produces for himself and only about 4 others. The ratio of productivity is 5 to 1.

This is a sore point with the Russian government. Last year in Russia I saw government posters exhorting workers on collective farms to surpass the output of America. But it will take more than posters to beat us.

Our agricultural science is superior to Russia's. Our system of agricultural education is better. Our farmers have more overall know-how than their Russian counterparts. Our farms are better equipped. Our soil and climate are more favorable. Most important, private ownership -- which brings with it the profit motive and freedom of decision -- gives our farmers a much stronger incentive than exists in Russia.

Participating in the Food for Peace Program has been a deeply satisfying experience for me and other Department of Agriculture people.

The Public Law 480 activities which make up a big part of the Food for Peace Program are the immediate responsibility of Assistant Secretary Clarence L. Miller on my staff. They are centered in the Department's Foreign Agricultural Service. Here with me today is Dr. Max Myers, Administrator of that Service. He will present Agriculture's remaining part of this briefing. Dr. Myers.

Library

Brad Patterson: [illegible] would pref [illegible]

(Draft of Statement by Max Myers, FAS-USDA, at
Cabinet Briefing on Food for Peace, July 1, 1960)

Mr. President and Members of the Cabinet:

Secretary Benson has stressed the efficiency and productivity of American farmers. Total U.S. agricultural output, reflecting these and other factors, is high. We have reduced crop acreage, yet we have had surpluses of several farm products for over a decade. Surpluses are in prospect for the immediate future, at least.

(REFER TO CHART ON CARRYOVER STOCKS.) This chart shows where we stand on three major commodities--wheat, feed grains and cotton.

It should be noted that the carryover stocks probably would be much greater--in some commodities 100 percent to 150 percent greater--had not this Administration instituted a combination of domestic farm program and export program actions. Without the reductions in domestic support levels, the export subsidies would have been more costly, the export volume somewhat less, and domestic consumption less. Without the special export programs the carryover stocks of wheat probably would be at least twice as great at this time. Unless further major changes are made in legislation, we expect exportable stocks of wheat to increase somewhat between now and 1965. Feed grain stocks are expected to be large enough to permit expanded exports. We look for a decrease in cotton stocks. In addition to carryover stocks, and at present rates of production, our annual exportable grain surplus above what can be exported commercially could be about 30 million tons.

By any measure one may use, however, we do have extra food; while some other countries contend with shortages.

(REFER TO WORLD MAP CHART.) This map shows the major food surplus countries and the major food deficit countries which also are deficient in purchasing power. The surplus-producing countries shown in orange include the United States, Canada, Argentina, Australia, New Zealand, Burma and Thailand. The food and dollar deficit areas shown in red take in certain countries of Asia, the Eastern Mediterranean area, and parts of South America.

These major food surplus countries have about 270 million people and an annual surplus of 35 million tons of food above commercial marketings. These major food deficit countries have about 755 million people and an annual food deficit variously estimated from 20 to 80 million tons.

The "uncolored" countries represent a variety of situations. These are other smaller areas of surplus and deficit. Some, such as the United Kingdom and Western Germany, are major importers of food but are economically developed and pay for food. Some of the countries of Africa and Latin America are fairly self-sufficient. The communist bloc, generally speaking, produces the bulk of its supplies, or goes without.

There are no "starving millions" in terms of the meaning this phrase evokes to most people. But there are many hungry people. There are many millions on unsatisfactory diets. The size of the world's task of feeding all of its people adequately can be estimated roughly as an annual current need for about five percent more food or about 80 to 100 million tons of food above that now being moved into consumption, plus at least 25 million tons more each year to meet expected population increases. To meet this is possible although very difficult. This calls for major efforts to increase food production in deficit areas. It calls also for major efforts to distribute more food from the surplus areas.

The United States is doing a great deal to assist the food production efforts as will be mentioned later by Director Riddleberger of ICA. The U.S. is doing a great deal with food exports and I wish to present some information on this.

The overall U.S. agricultural export picture is good. We are trying all the time to make it even better.

(CHART ON U.S. AGRICULTURAL EXPORTS.) Agricultural exports climbed to a record $4.7 billion Fiscal Year 1957. Shipments held up reasonably well in FY 1958 and FY 1959. Shipments in FY 1960 are expected to be about $4.5 billion and to set a new record for physical volume. (This means about 11 shiploads per day every day in the year.) For the 1960 fiscal year, shipments of wheat and cotton will be close to half of an average U.S. crop. Rice will be better than half of production; and soybeans over a third. The product of one acre of cropland out of six is shipped abroad.

The maroon-colored part of these bars represents sales for dollars. Government programs, indicated by the orange-colored sections, include P.L. 480 sales for foreign currencies, donations, and barter, as well as Mutual Security Act sales for foreign currencies and economic aid.

Exports have slowed down the rate of agricultural surplus accumulation. But American agriculture has the capacity to produce faster than we can export--even when we give away products or ship them under concessional sales programs. Clearly, then, overseas shipments, at least in the years immediately ahead, are not the answer to the domestic farm problem.

The major portion, almost three-fourths, of our exports were commercial sales. In a broad and long term sense, these constituted Food for Peace at its best--mutually beneficial, multilateral trade using the efficiency of commercial trade channels. These commercial exports of agricultural products are increasing. One of the reasons for this is that agricultural industry and Government have been teaming up in recent years in coordinated drives to develop dollar markets. The special export programs help to support this effort. A small percentage of the foreign currencies being generated under our Public Law 480 Title I sales is being used in market promotion projects in many of the economically developed countries. Also, through our economic analysis and foreign market information activities, we are helping U.S. private industry compete effectively in world agricultural trade.

In some instances, the increases in dollar exports have been surprising.

(REFER TO CHART SHOWING DOLLAR SALES OF SOYBEANS, FEED GRAINS, COTTON AND CHICKENS.) This chart shows that dollar sales of some important U.S. farm products are on the uptrend. A number of factors are involved in these increasing exports, but foreign market development certainly has played a significant part in the good record.

In addition to commercial exports we are using several special export programs, most of them authorized by Public Law 480. These move somewhat less than a third of the total agricultural exports. Of these, the Title I sales for local currencies represent about 60 percent, or about one-fifth of total agricultural exports. Others, including grants, donations, and barter are important and worthwhile, but for reasons other than quantity of goods moved.

(P.L. 480 CHART.) This chart shows some of the countries we deal with on Title I. India is by far our biggest Title I customer. She is the most populous free-world country; her total need is greatest. This bar, incidentally (pointing to India bar), includes only the first year of the recent 4-year wheat-rice agreement with India.

The darker sections of the bars represent shipments.

As you will note, Japan and Italy have "graduated" from the Title I class. Almost all of our agricultural shipments to them now represent sales for dollars.

The bottom bar is a composite one. It includes some countries that have graduated, as well as other countries with which we still have limited Title I agreements.

P.L. 480 agreements represent a total value--market value plus ocean transportation--of $4.7 billion. The cost to the Commodity Credit Corporation of farm products represented by these agreements is $6.7 billion.

We have tried to operate these Government programs in a manner that did not disturb the normal markets for us or for friendly exporting countries. As an example, let's consider our most important food export crop--wheat.

(WHEAT EXPORT CHART.) This chart shows that we have not "rocked the boat." While U.S. exports have trended upward, Canada's trade has been steady. The downtrends in Argentina and Australia reflect drought and short crops, not U.S. competition. The "Other" countries plotted here, which include Russia, also have been doing well.

The United States is doing more than any other country to help needy nations. But we are not working alone. A number of countries are sharing resources with less-fortunate peoples.

One outgrowth of the Food for Peace meetings in Washington last year was formation of an international Wheat Utilization Committee. This Committee, made up of representatives from Argentina, Australia, Canada, France, and the United States, has been meeting regularly to explore ways of using wheat more effectively. Early in 1960 a mission sponsored by the Committee studied conditions in India and Indonesia and brought back findings which will be available soon.

Under the Colombo Plan, for example, the United States, Canada, Australia, New Zealand, Japan, and the United Kingdom have given assistance to the Southeast Asia countries. France and the United Kingdom have provided considerable aid to African countries. United Nations agencies have extended a helping hand throughout the world. This country is supporting objectives of FAO's Freedom from Hunger campaign which stresses increased food production in deficit areas. Some of the deficit countries are making real efforts.

Therefore, it is not a coincidence that there have been no major famines in the free world area in recent years.

Looking ahead from where we are, we believe it feasible to obtain moderate but very worthwhile increases in commercial and special exports of our food. Unfortunately, there does not seem to be any single, simple way to do spectacular things such as doubling the shipments. Nor can we sweep away the complex problems involved in using our food surpluses effectively. But we can improve on the already successful programs. To do so will require continued exploration of all feasible opportunities, and continued efforts on a large number of activities. Within a realistic appraisal, with practical tested methods, with the coordination and teamwork we have, important gains can be achieved.

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July 1, 1960

STATEMENT BY MR. DILLON --
CABINET MEETING ON FOOD-FOR-PEACE

The presentation by Secretary Benson's Department speaks for itself. Although the accomplishments of the program to date are impressive, I believe we can all agree there is room for improvement, even assuming that we cannot make substantial increases in commodity shipments. We must continue our efforts to make more effective use of our surpluses through Food-for-Peace.

Fortunately, we had had some five years' experience with our going operations under PL-480 and were thus able to put it into immediate use as the main instrument of Food-for-Peace. Although the Department of State has always looked upon PL-480 as being primarily a surplus disposal program it has also proved to be an important adjunct to our other foreign assistance activities. The help rendered to some 38 countries under PL-480 since its initiation in late 1954 has provided urgently needed food and fiber and has contributed to their overall economic development and to improving relations with those countries. The most spectacular example, of course, was the very favorable reaction in India which resulted from the recent multi-year agreement with that country. This was clearly reflected by Indian Food Minister S. K. Patil in a recent letter addressed to you, Mr. President: "...I have no doubt that this agreement will go a very long way in further cementing the very cordial bonds of friendship between the peoples of the United States and India..."

U. S. surplus farm products are a major supplement to other resources which are being made available to promote economic development in the free world. It would be a fallacy, however, to claim that Food-for-Peace could ever replace United States foreign economic assistance, which is still indispensable for helping the less developed countries actually to achieve economic development.

In a small but growing number of cases, the foreign currencies which we acquire as payment for PL-480 sales will present an increasingly serious problem for our foreign relations. For example, as a result of the new multi-year agreement, and notwithstanding the grant therein of the rupee equivalent of $538 million, India's total local currency indebtedness to the United States by 1964 will reach the dollar equivalent of approximately $1.5 billion, of which over $1 billion will arise under PL-480. Such an indebtedness amounts to 5% of the Indian gross national product, and if related to the U. S. gross national product, this would be comparable to the United States being indebted to a single foreign country in the amount of approximately $25 billion. It is unlikely that our Government would regard such holdings by a single foreign power with equanimity, even though they were not convertible into other currencies. Such a situation is even less acceptable to the newly-independent states who are particularly sensitive about their independence and sovereignty.

Moreover, these figures do not include approximately $172 million in rupees which will be available for loans to American business under the Cooley Amendment, nor does this include the approximately $250 million in rupees which will be available for use by agencies of the U. S. Government. U. S. agency uses of rupees currently amount to about $10 million per year.

The only solution to this problem is to increase substantially the grant portions in agreements with such countries. We must also make every effort to remove current restrictions which inhibit the use of such funds, particularly in the fields of education, health, nutrition and sanitation.

While, as Dr. Myers has said, we have been careful not to disturb normal marketings of other friendly countries, we still have serious problems on this front. It is significant that many of the countries which have complained about our PL-480 programs are themselves recipients of PL-480 food and fiber. For example, there has been strong adverse reaction from Thailand, Burma and Viet-Nam to rice disposals in general and to the Indian agreement in particular. We have also been severely criticized by two important NATO allies, Greece and Turkey, for allegedly displacing their commercial cotton and tobacco exports. Pakistan, the United Arab Republic, Sudan and Uganda have protested our PL-480 cotton sales. In our own hemisphere Peru, Mexico and Nicaragua have felt they have been injured. I mention these examples, not to appear negative, but to point out that we must exercise restraint and caution in our Food-for-Peace programs to avoid the pitfalls which may be seized upon by the communist countries and turned to their advantage.

On the positive side, we have often been fairly successful in resolving this problem through consultation. This is especially true in the case of the major wheat exporting countries, aided by our close cooperation in in the Wheat Utilization Committee already mentioned. However, in the case of the more unsophisticated countries which are extremely sensitive, even though we consult and our position may be soundly based on trade statistics, it is difficult to convince them that we are not damaging their economies. Even if their fears are largely psychological -- based on loss of markets they hoped to have rather than did have -- the results in terms of impaired friendly relations are the same.

The problems which I have mentioned are certainly not insoluble. As we look ahead we see ample opportunity to make more effective use of our agricultural abundance through Food-for-Peace. Our objective is to do so in a manner that will result in the maximum benefit to the United States, to recipient countries, which at the same time must be led and helped to be able to produce or purchase their agricultural needs and to our friends abroad who depend on exports of agricultural commodities for their livelihood. We shall continue to search for ways to bring about a better understanding of our motives and of our sincere desire to support the aspirations of the free world. In this connection, I believe that the Vice President's plan to work out a joint proposal with other surplus producing nations under which food would be turned over to United Nations' agencies for distribution to the hungry people of member nations has real merit and deserves our most careful consideration.

"ICA AND FOOD FOR PEACE"

The Food for Peace Program, through Public Law 480, provides assistance to our overseas friends in three ways:

1. Food sales for economic development, as covered in some detail by Secretary Benson and Dr. Myers,
2. Food grants for disaster relief, and
3. Food donations on a people-to-people basis.

As Dr. Myers said earlier, overseas sales of U. S. surplus commodities under PL 480 through FY 1960 will result in deposits of $4.7 billions of dollars' worth of local currencies. About 50 percent of this - $2 billion 366 million - is being loaned - in some cases granted - to foreign countries to promote economic development. ICA cooperates with foreign governments in determining how these funds shall be used. As indicated in this chart, of the $814 million equivalent so far withdrawn, about 40 percent is being used to finance industrial development, 25 percent for various projects in the field of agriculture, and smaller amounts for other purposes. About $1.5 billion equivalent more will become available as additional deposits are made or funds already on hand are disbursed to foreign governments.

U.S. surplus farm products are a major supplement to other resources which are being made available to promote economic development in the Free World. The commodities, of course, are the additional resource; local currency loans or grants are not and cannot be a substitute for dollars.

Local currency can, however, help to channel resources already available in a country into desirable uses if sound monetary policies and practices are maintained. This point is emphasized to make it clear that loans or grants of a country's own currency cannot fulfill requirements for external assistance such as that provided through the Mutual Security Program. As Mr. Dillon has mentioned, a future problem derives from the accumulation of local currencies and their perpetuation through loans for later repayment. The magnitude of these repayments relative to local budgetary resources may create political and economic problems.

Under another Title of PL 480 legislation, we arrange for delivery of emergency relief supplies to help our friends abroad when disaster strikes. During FY 1960 disaster relief programs operated in 18 countries, including Morocco and Chile. Surplus commodities may also be used under this authority for economic development, as in Tunisia, where men working on construction and reclamation projects get part of their wages in U. S. grain.

We also work with U. S. voluntary agencies and international organizations in developing their people-to-people food donation programs. In FY 1960, twenty voluntary agencies and two international organizations participated.

As shown in this chart, over $2 billion of surplus commodities have been supplied for emergency relief and for the voluntary agencies' donation programs. About 80 million needy people in 92 countries and dependencies are benefiting from both these programs. Commodities in each case are identified as gifts of the American people and the programs are highly effective in demonstrating to the underprivileged that Americans are interested in their welfare.

In addition to the Food for Peace Programs, the U. S. through the Mutual Security Program is helping the less developed countries to improve their agricultural production. For example, about 1,200 agricultural technicians are stationed in 59 countries helping to expand extension and other services to agriculture, and modernize farming practices, thereby increasing agricultural efficiency and contributing to improve diets. Emphasis is placed on diversification of crops and, so far as commodities already in world surplus are concerned, upon production needed for consumption at home rather than for export. Finally, substantial amounts of food, feed and fiber have been provided under the Mutual Security Program and special legislation for relief, reconstruction and economic development. Since the beginning of the Marshall Plan in 1948, we have financed almost $8.0 billions worth of U. S. agricultural commodities for these purposes.

Oral Presentation by
Mr. James W. Riddleberger, Director
International Cooperation Administration
July 1, 1960

Wrap-up by Don Paarlberg, Food-For-Peace Coordinator.

Mr. President, our accomplishment in the Food-For-Peace program is greater than is generally understood.

There is opportunity to improve our performance, to move more product, to feed more hungry people. This we can do by recognizing a sound, gradually expanded effort as a proper objective.

There is also the opportunity to improve public understanding. There are few forms of international assistance which rank higher in the public mind, at home and abroad, than meeting the needs of hungry people. There is no form of international assistance which we are in a better position to supply.

We have, with this program, relieved our heavy inventory position, won good will abroad, and developed dollar markets for American farm products.

There are, nevertheless, considerable hazards in the Food-For-Peace program. Some of these have already been mentioned.

We must beware of making the developing countries dependent upon us, indefinitely, for our continuing help.

The rate of population increase abroad constitutes a major problem; we must do more than simply use our surplus stocks to accommodate this increase.

We must not flood the recipient countries with our food, thereby depressing their farm prices and hurting their agriculture.

We must not unwisely stimulate agricultural production abroad and thereby deprive the United States of legitimate export markets.

We must not give away or sell for foreign currency food that we could otherwise sell for dollars.

We must not, through excessive accumulations of foreign currency, create a fiscal hazard for foreign governments.

We must not, by our use of these surpluses, provide a rationale for the continuation of unwise farm legislation.

Lastly, and I think most important, we must not, for fear of these hazards, forego the use of our capability in the agricultural field.

The accomplishments of the program are mostly tangible. For the greater part, six years' experience shows that the hazards can be avoided or minimized.

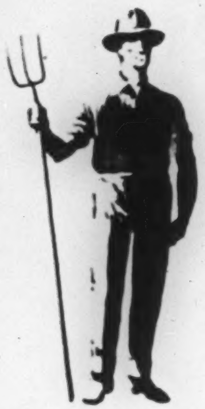
The Food-For-Peace program can be and has been helpful as a conscious part of our foreign economic policy. It can be helpful with our farm people. A farmer who knows that his wheat is going abroad, to meet human need, as a part of the foreign policy of the United States, is likely to be happier than a farmer who is told that his wheat is simply creating a storage problem for the United States Government. The Food-For-Peace program is opportunity-oriented, not problem-prone.

We hope there will come, from this meeting, a feeling that this program should be encouraged and that good words should be said about it at home and abroad, for what seem to us to be sound economic, diplomatic, and political reasons. We hope there would be a disposition to explore any opportunities to improve the program such as the Vice President has recently proposed.

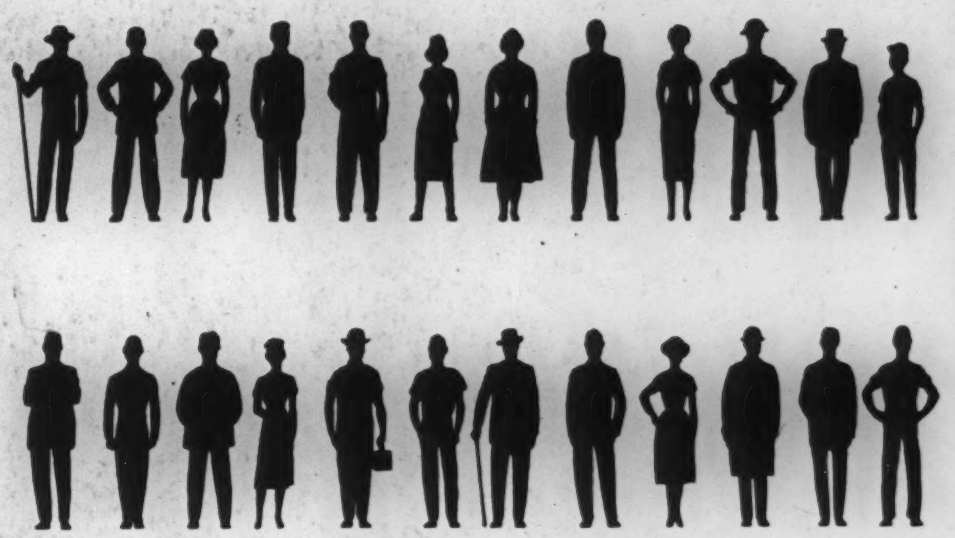
We do not need any major legislation to carry on this program; we will need increased authorization next January, which the Congress is disposed to provide.

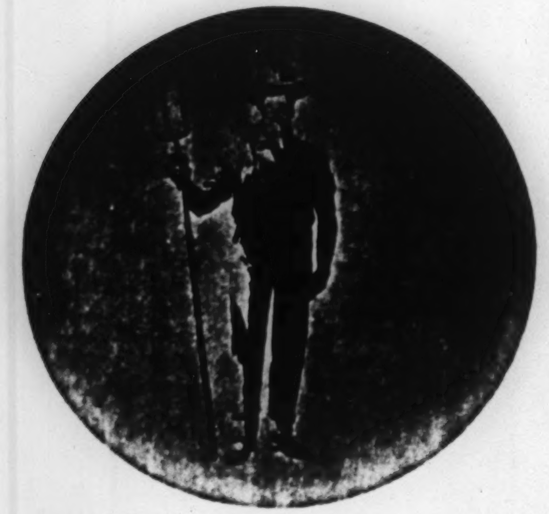
Mr. President, we are ready for questions and comments.

U.S. FARMERS OUTPRODUCE RUSSIAN FARMERS 5 TO 1

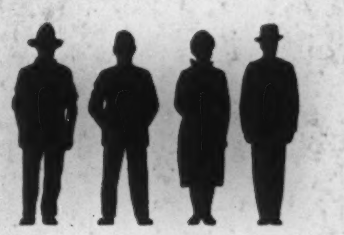


A U.S. FARMER
PRODUCES ENOUGH
FOR HIMSELF AND
24 OTHERS

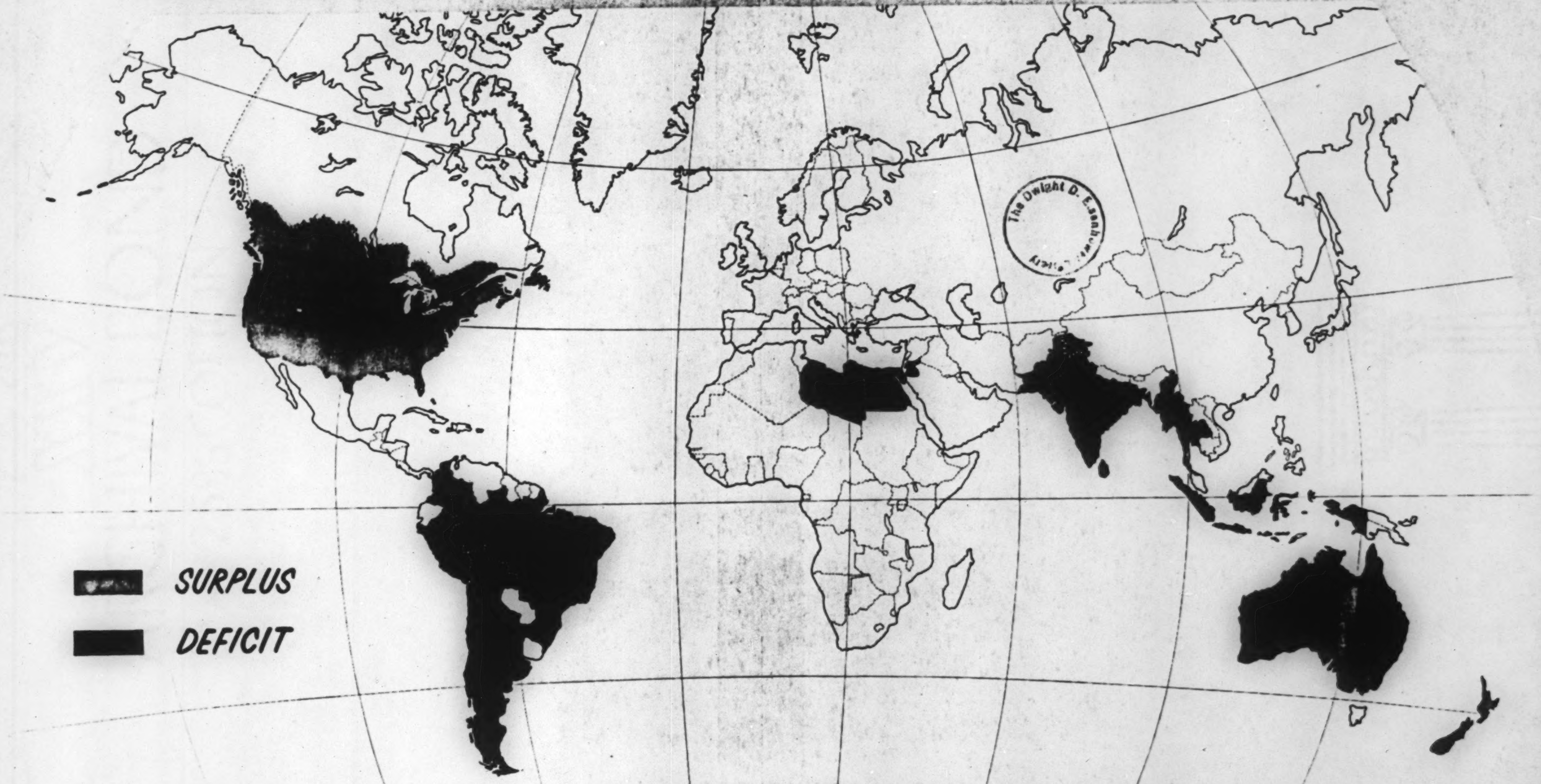




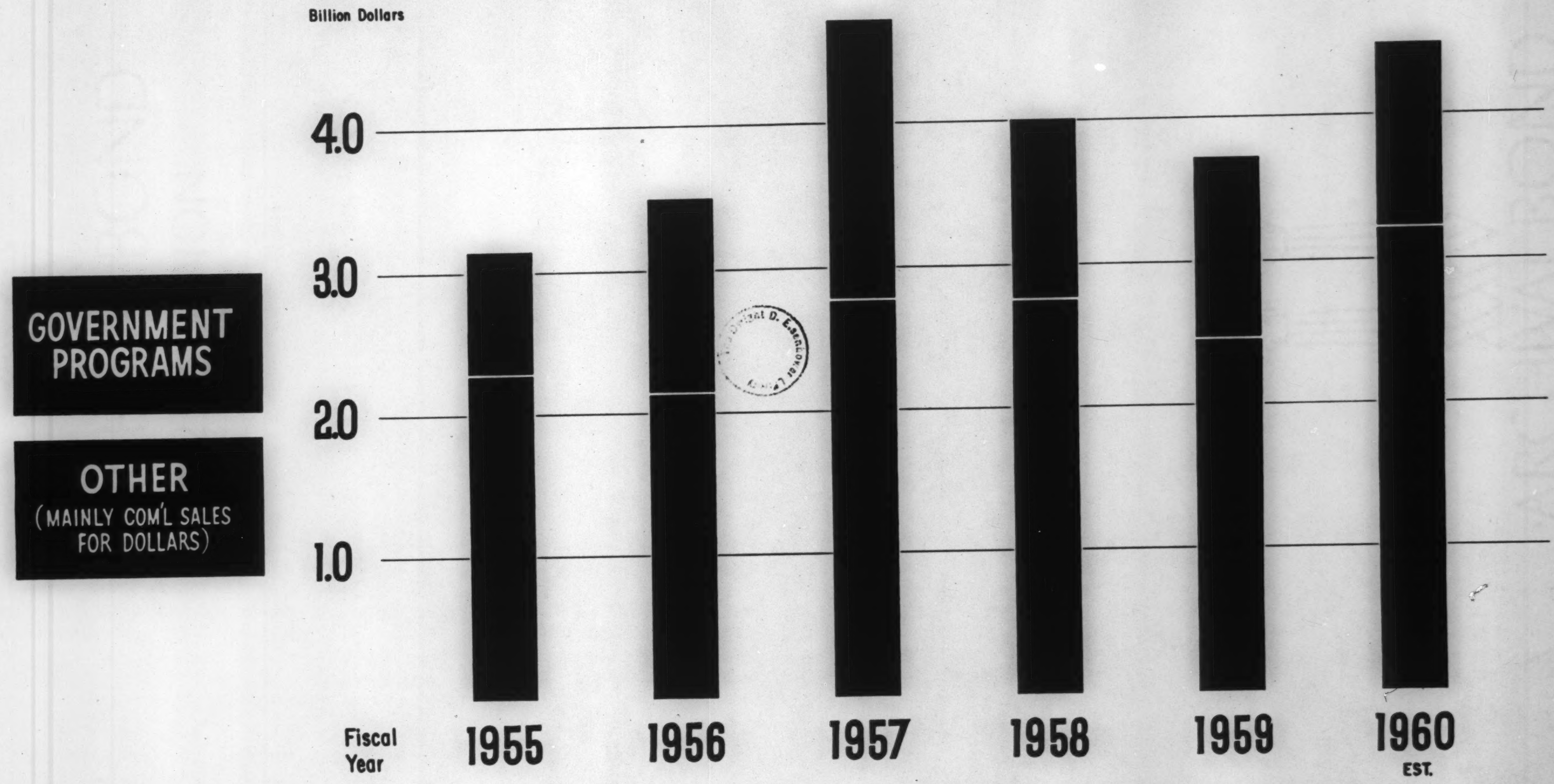
A SOVIET FARMER
PRODUCES FOR
HIMSELF AND ONLY
4 OTHERS



MAJOR FREE WORLD FOOD SURPLUS AND FOOD DEFICIT COUNTRIES


SURPLUS
DEFICIT

U.S. FARM PRODUCT EXPORTS, FISCAL YEARS 1954-60



DOLLAR SALES OF U.S. FARM PRODUCTS UP

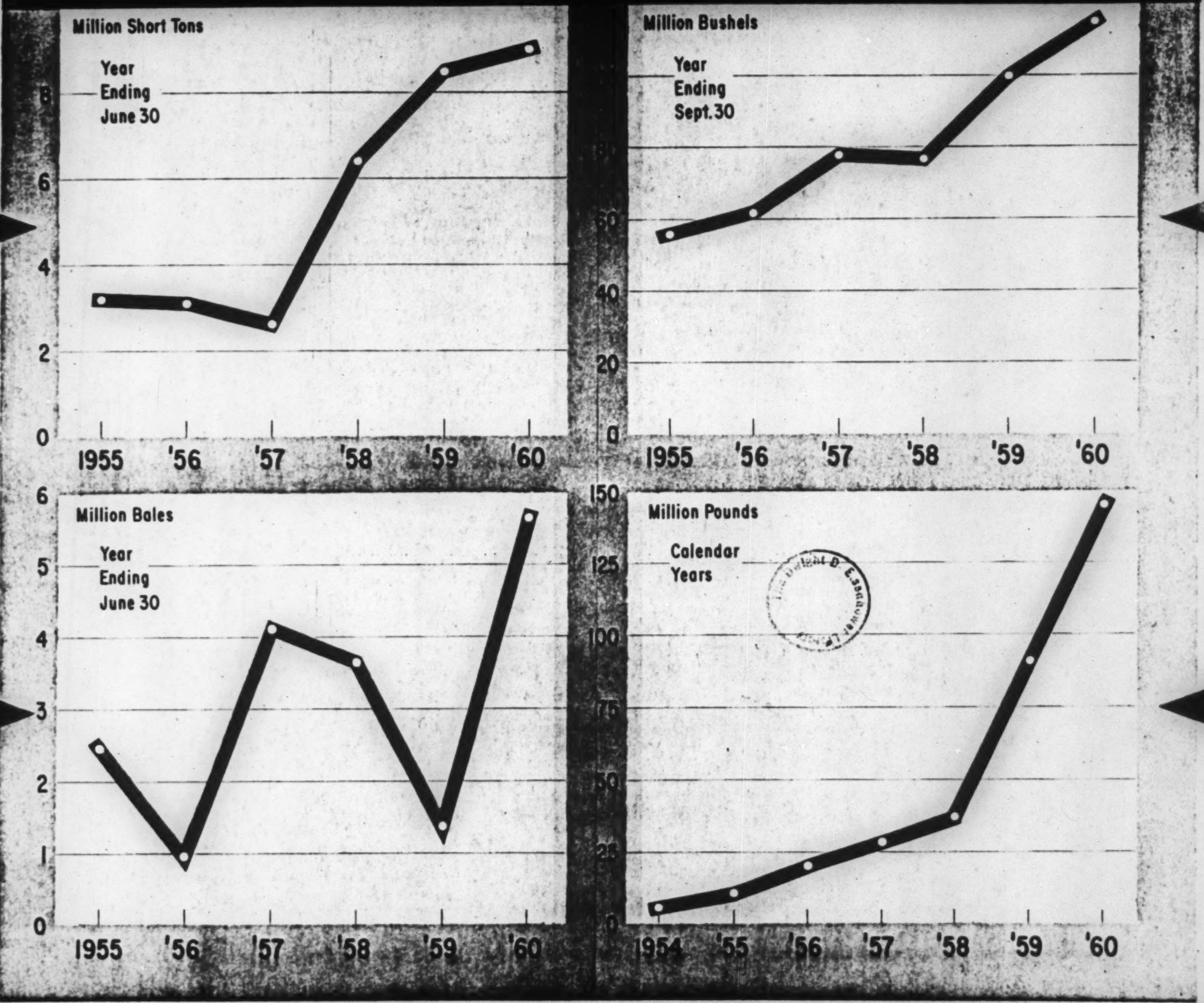
FEED GRAINS

Includes Corn,
Barley, Oats,
and Sorghum
Grain

SOYBEANS

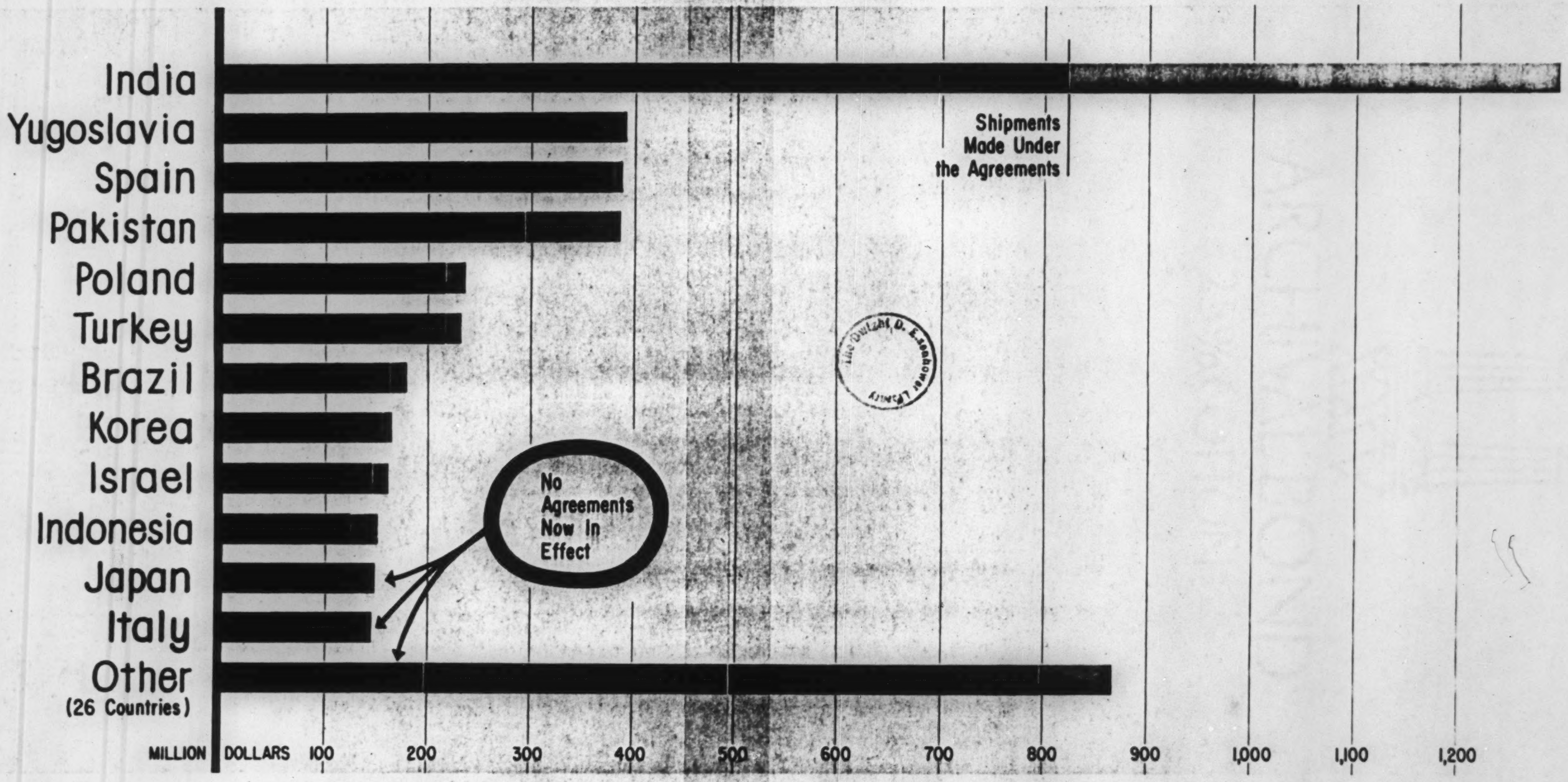
COTTON

FRESH AND FROZEN CHICKENS



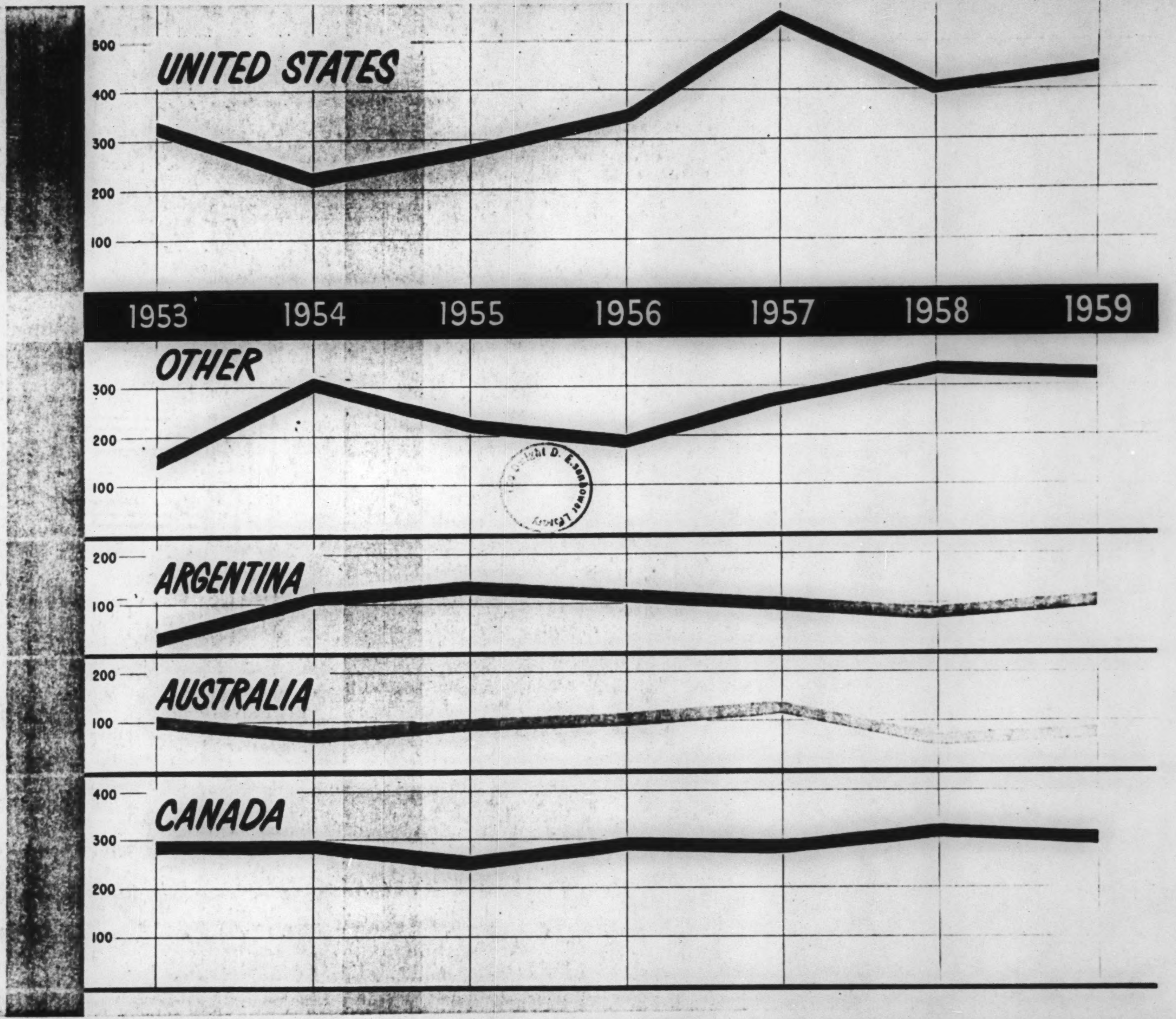
TITLE I PL 480 AGREEMENTS JULY 1,1954 - MAY 31,1960

(MARKET VALUE PLUS OCEAN TRANSPORTATION)



TOTAL AGREEMENTS: $4.7 BILLION

FOREIGN WHEAT TRADE STEADY DESPITE LARGE U.S. EXPORTS



CABINET PAPER—PRIVILEGED
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CP - 60-110
June 29, 1960

EYES ONLY FOR
MEMBERS OF THE CABINET

The White House
Washington

THE CABINET

Preparing for the Presidential Transition

For consideration of the members of the Cabinet, attached is a paper prepared by the Director of the Bureau of the Budget.

This paper proposes simply a method of approach and a liaison arrangement looking forward to the time when the proper preparations should start for the coming change in the Presidency.

Since the subject of this paper is peculiarly a matter for the Chief Executive's determination, recipients are requested to take extra precautions to safeguard its privileged nature.

Robert Gray
Secretary to the Cabinet

CP - 60-110

June 29, 1960

The White House

Washington

THE CABINET

Preparing for the Presidential Transition

A. PURPOSE

1. To indicate the need for positive executive branch planning to anticipate and meet the problems that may arise in connection with the forthcoming Presidential transition.

2. To outline the major elements of an appropriate planning program that is limited to essentials, and

3. To obtain Presidential guidance regarding such a program.

The forthcoming change in the Presidency requires careful advance planning to assure the orderly transfer of executive responsibility and continuity of attention to major operating and management problems of Government.

The general success of the 1953 transition was due largely to preparations made in 1952 and the prompt manner in which President Eisenhower moved to assure responsible assumption of duties by his administration. Among the steps then taken was the early designation of Mr. Joseph M. Dodge to be the new administration's budget observer and Mr. Henry Cabot Lodge the representative for foreign affairs.

The executive branch should begin now to develop informational and planning documents that will be needed later. The President has already indicated certain things that he wants to leave as his executive legacy. Each principal member of the administration undoubtedly has in mind doing the same.

B. GENERAL APPROACH

Each outgoing official should do for his successor those things that will help keep the executive branch running smoothly. Essentially this means briefing him on the organization and its activities, identifying pending issues and problems, and recording in concise form any information that will aid new officials in taking over their responsibilities.

Such efforts should be restricted to essentials. New officials should not be overwhelmed with information and advice. Accordingly, care must be taken not to make "a big thing" out of transition.

It goes without saying that the transition will be much easier and smoother if there is no change in party. Preparatory actions, though, should include both possibilities.

What is done should be governed by a generally coordinated plan which divides the work that will be done centrally and that which will be done in the several departments. Moreover, the plan should be appropriately time-phased to fit the various periods between now and January 20; i.e., pre-nominating-conventions, pre-general elections, and pre-inaugural.

C. PRE-NOMINATING-CONVENTIONS

1. It is proposed that the President designate a central coordinator in the White House Office to serve as central coordinator of transition. This coordinator would aid the President in transition matters and provide guidance to the agencies regarding their parts of the general plan.

2. Each department should assume responsibility for developing a transition plan adapted to its needs. For such planning and to provide a focal point for working with the President's coordinator, it is recommended that a senior official be designated in each department as its transition representative.

D. PRE-GENERAL ELECTION

1. The President has already indicated that he intends, following the nominating conventions, to make available to the two major candidates certain briefings on intelligence, foreign, and military affairs. Consideration should be given to the extent, if any, to which other briefings might be offered on other subjects during the pre-general-election period.

2. Consideration should be given to suggesting to the two candidates that they designate transition representatives to work with Administration officials in preparing for orderly transition.

3. We have been informed that the Brookings Institution plans to produce, during the campaign period, two kinds of written material on transition problems, one of general interest to the public and the political community, the other directed to the specific needs of the President-to-be-elected. The former would deal with the broad problems of transition that can be anticipated, their importance to the country, the possible alternatives for dealing with them, and the possible consequences of failure to resolve them satisfactorily. The material for the candidates would take up in more detail: the inexorable demands of the calendar, the sequence of problems likely to arise, the preparations needed, and the available sources of help in such areas as executive recruitment, legislative requirements, and civil service and legislative procedures. The project would also attempt to put the candidates and their associates in touch with men whose experience and counsel could be of help to them on transition problems and processes. By raising questions and bringing people together, as well as by prepared memoranda and printed documents, Brookings hopes to give some impetus to advance thinking and action.

E. PRE-INAUGURAL

1. Immediately following the general elections, the President may wish to invite the President-elect to designate a budget observer, a foreign affairs representative, and perhaps other representatives.

2. As new officials are designated and make contacts with outgoing officials, such time as may be necessary should be devoted to briefing the new officials as they prepare to assume responsibilities.

(a) Each agency should shoulder the major responsibility for briefing its own incoming new management. Such briefings should focus on matters involving statutory responsibilities and authority, executive-legislative relationships, program substance, and open policy issues, along with matters of organization, staffing, and operations.

(b) In addition to briefings by the individual agencies, the central agencies should be prepared for briefings on general subjects within their competence. For example, an appropriate central office might arrange for lists of officers subject to Presidential appointment and departmental appointment outside the career civil service. Another listing might include data on expiring appointments on boards and commissions. The Bureau of the Budget could prepare materials on overall legislative matters, pending budget estimates, expenditure trends, proposals for budgetary reforms, Executive Office responsibilities, and major organization and management issues.

(c) A responsibility of the President's coordinator would be to see to it that the centrally prepared materials do not duplicate those of the departments and that there are no major gaps.

3. From January 3 to 20, the President will be responsible for dealing with the new Congress and for presenting the annual messages on the State of the Union, the Budget, and the Economic Report. The latter two are required by law to be transmitted prior to January 20. While it is too early to anticipate in detail all the implications of the situation, the content and style of these messages will have much to do with setting the tone of the transition. Important decisions will have to be made on the manner of dealing with the Congress and presenting the messages during that short period.

F. RECOMMENDATION

That the above matters be discussed at Cabinet and agreement be reached upon the broad outlines of the executive branch approach to Presidential transition planning.

######

CABINET MEETING
MONDAY, AUGUST 15, 1960
9:00 A. M.

The President
The Vice President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Attorney General
The Postmaster General
The Secretary of the Interior
The Secretary of Labor
The Secretary of Commerce
The Secretary of Health, Education & Welfare
Hon. Henry Cabot Lodge, Jr.
Hon. Wilton Persons
Hon. John McCone
The Director, Bureau of the Budget
The Director, Office of Civil & Defense Mobilization
~~Hon. Robert K. Gray~~

Absent: The Secretary of Agriculture

Return to Bob Gray

THE WHITE HOUSE
WASHINGTON

August 8, 1960

MEMORANDUM FOR GENERAL PERSONS

SUBJECT: Cabinet Agenda for Thursday

The following items would be appropriate on the Agenda for the Cabinet meeting called this coming Thursday:

1. The Campaign Months (The President)

This is per instructions from your office.

2. The Dulles International Airport (Mr. Quesada)

General Quesada has asked to present an excellent presentation of the new airport now going up in Chantilly. I assure you that the President and the Cabinet would benefit from this report; however, it would take at least one hour to present it fully.

3. Action Status Report (Mr. Gray)

By Thursday we will have ready our 9th periodic Action Status Report. As you know, this generally takes only a few minutes.

Robert Gray

THE WHITE HOUSE
WASHINGTON

August 8, 1960

General Persons:

In response to your request, attached is a chart of Cabinet whereabouts for this week.

Robert Gray

	Tuesday	Wednesday	Thursday	Friday
V.P.	X	X	X	X
State	A.M. Press	X	X	X
Treasury	X	X	X	X
Defense	X	X	X	X
Justice	X	X	X	X
P.O.	On vacation in Long Island; would come back for an important meeting.			
Interior	X	X	X	X
Agriculture	Will be in Europe until the 17th of August			
Commerce	X	X	X	X
Labor	X	X	X	X
HEW	Chicago	X	X	X
AEC	X	X	X	X
Budget	X	X	X	X
OCDM	X	Frankfort, KY. (Add. State Leg.)	X	X
USUN	Expects to be at UN Sessions every day of this week.			

X - Available for Cabinet

EXECUTIVE

CABINET CHECK LIST

For: Cabinet 8/15/60

	Member or Representative:		Cabinet Assistant or Substitute:	
✓	THE PRESIDENT	________		
✓	THE VICE PRESIDENT	________	Charles McWhorter	________
✓	STATE (Mr. Herter)	________	Parker G. Montgomery	________
✓	TREASURY (Mr. Anderson)	________	John P. Weitzel	________
✓	DEFENSE (Mr. Gates)	________	Oliver Gale	NY 10
✓	JUSTICE (Mr. Rogers)	________	John F. Cushman	________
✓	POST OFFICE (Mr. Summerfield)	________	Nyle M. Jackson	________
✓	INTERIOR (Mr. Seaton)	________	Lorne Kennedy	________
○	AGRICULTURE (Mr. Benson)	________	Miller Shurtleff	________
✓	COMMERCE (Mr. Mueller)	________	George H. Becker	________
✓	LABOR (Mr. Mitchell)	________	Walter Wallace	________
✓	HEW (Dr. Flemming)	________	Charles B. Saunders	________
✓	USUN (Mr. Lodge)	________		
✓	THE ASSISTANT TO THE PRESIDENT	________		
✓	AEC (Mr. McCone)	________	John Morse	________
✓	BUDGET (Mr. Stans)	________	Ralph Reid	________
✓	CCDM (Mr. Hoegh)	________	Emil W. Reutzel	________
○	THE SECRETARY TO THE CABINET	________		

✓ Mr. Morton - RNC

✓ Mr. Morgan

Mr. Mason - HHFA

✓ Mr. Whittier - VA

(OVER)

Over

WHITE HOUSE STAFF:

_____ Mr. Anderson

_____ Captain Aurand

_____ General Bragdon

✓ Col ~~Major~~ Eisenhower

_____ Mr. Gordon Gray

_____ General Goodpaster

✓ Mr. Hagerty

_____ Mr. Harlow

_____ Mr. Harr

_____ Mr. Kendall

_____ Mr. Kestnbaum

_____ Dr. Kistiakowsky

_____ Mr. Lyons

_____ Mr. McCabe

_____ Mr. McPhee

✓ Mr. Merriam

_____ Mr. Minnich

_____ Dr. Moos

✓ Mr. Morgan

_____ Mr. Paarlberg

_____ Mr. Patterson

_____ Mr. Randall

_____ Mr. Stephens

_____ Mr. Wallis

_____ Mrs. Wheaton

_____ Mr. Wheeler

_____

_____

OTHERS (if checked):

ATOMIC ENERGY COMMISSION
(Mr. McCone)

CENTRAL INTELLIGENCE AGENCY
(Mr. Dulles)

COUNCIL OF ECONOMIC ADVISERS
(Mr. Saulnier)

FEDERAL AVIATION AGENCY
(Mr. Quesada)

O GENERAL SERVICES ADMINISTRATION
(Mr. Floete)

✓ HOUSING AND HOME FINANCE AGENCY
(Mr. Mason)

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
(Mr. Glennan)

NATIONAL SCIENCE FOUNDATION
(Mr. Waterman)

✓ REPUBLICAN NATIONAL COMMITTEE
(Mr. Morton)

UNITED STATES INFORMATION AGENCY
(Mr. Allen)

✓ VETERANS ADMINISTRATION
(Mr. Whittier)

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EXECUTIVE SESSION (if any)
9:35 to ?

Meeting opened ____________
Meeting adjourned ____________

CABINET PAPER—PRIVILEGED

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CA - 60 - 157

August 24, 1960

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, August 26, 1960

1.	Presentation of Distinguished Service Award of the President's Committee on Employment of the Physically Handicapped to the Honorable Sumner Whittier	(Oral)	The President
2.	Budget Status Report	(Oral)	The Director, Bureau of the Budget
3.	National Emergency Alarm Repeater System	(Oral)	The Director, Office of Civil and Defense Mobilization
4.	Dulles International Airport	(Oral)	The Administrator, Federal Aviation Agency

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 6-12-76

~~CONFIDENTIAL~~

MINUTES OF CABINET MEETING

August 26, 1960

9:05 a.m. -- 10:35 a.m.

The following were present:

President Eisenhower

Mr. Dillon
  for Sec. Herter
Sec. Anderson
Sec. Gates
AG Rogers
Mr. McKibbin
  for PMG Summerfield
Sec. Seaton
Sec. Benson
Sec. Mueller
Sec. Mitchell
Miss Adkins
  for Sec. Flemming
Mr. McCone, AEC
Mr. Stans, BoB
Gov. Hoegh, OCDM
Dr. Saulnier, CEA
Gen. Quesada, FAA
Mr. Floete, GSA

Gen. Persons
Col. Eisenhower
Mr. Robert Gray
Mr. Hagerty
Mr. Kendall
Mr. Lyons
Mr. Merriam
Mr. Morgan
Mrs. Wheaton
Mr. Areeda

The President opened the meeting with the traditional moment of silent prayer. He lamented the power of Congressman Passman and his success in persuading House approval in the matter of Mutual Security funds of $30 million vs. the $300 million recommended by the Senate.

National Emergency Alarm Repeater System - Governor Hoegh next presented to the Cabinet the preliminary report on the "NEAR" System for public warning. The Governor brought with him to the table a sample of the device which is the key to the NEAR System, and delineated for the President and the Cabinet some of the issues yet to be resolved; namely, willingness of power companies to have the NEAR System installed in their plants, willingness of power companies to pay for the cost of installation of signal generators, how to create a demand for receivers, and a willingness to buy them on the part of the public, and finally, the best methods to market, maintain, and service the receivers.

Secretary Anderson asked if it were not possible to persuade power companies to sell the alarm systems. When Governor Hoegh said he thought that this might be possible, the President pointed out that the information paper (CI - 60-71) circulated by Governor Hoegh specifically spoke to this point and said that the industry would not support any proposals to sell NEAR receivers.

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

~~CONFIDENTIAL~~

In answer to a question from the President, Governor Hoegh pointed out that the System does not give a different signal for nuclear attacks than for warning of tornados, hurricanes, or other natural disasters. What, he said, the signal does mean to the home owner is that he should turn on his radio for instructions.

The Governor further pointed out that the System is now equipped with a warning light which stays lit when the signal box is operated.

Governor Hoegh invited members of the Cabinet to participate in the October 11, 1960, exercise at Charlotte, Michigan, and promised to report at a later date on the results of his efforts to solve the problems which are now under consideration.

Budget Status Report - Director Stans began his presentation by telling the President that the 1960 (fiscal) year-end story was an encouraging one. When the President said an encouraging story from the Director of the Budget would be a change, the Director said that this was the very reason he was anxious to present it. Stans made his presentation from a group of charts. On the first he had listed the items "budget" vs. "actual" which account for an accumulated total of $1.086 billion surplus for the end of Fiscal Year 1960.

In the area of budget receipts he pointed out the interesting coincidence of actual vs. budget estimates for individual income tax receipts differing less than .04 of a percent -- only $17 million out of a $40.700 million budget.

The Director then turned to a report of personnel in civilian employment with the Government, looking first at comparisons of June 30 totals of 1958, 1959, and 1960. Here again he pointed with pride to the fact that the grand totals on these dates in each year varied only by a fraction of a percentage point. He felt that these comparisons gave particular justification for pride on the part of the Administration despite the expansion of the National Aeronautics and Space Administration, the necessary additions in the number of postal workers brought on to serve an increased population, and the natural tendency of government to grow each year.

Secretary Anderson listed several factors of strength in the business outlook ahead. The Secretary spoke optimistically about the inventory picture, prospects for a strong consumer demand, easing of credit, and possible increases in both construction and new car production. He offered to have an expansion of his remarks distributed through the Cabinet Secretariat.

The President pointed out that Post Office Department budgets are justified at continually higher levels because of the necessity to spend large sums for new labor-saving equipment and modernization while personnel charts continue to show increases in Post Office personnel.

Director Stans indicated that it takes some time before these machines pay off in labor-saving; further, that expanding America needs more and more mailmen.

In concluding, Director Stans pointed out that the two noticeable increases in civilian employment in government were in the Labor Department and the National Aeronautics and Space Administration. In the latter case he justified the increase by the continued growth of that agency, and in the former by some reporting changes in the Bureau of Labor Statistics.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 9-12-76

The President told the group that he recently had received, from a group in Iowa, a resolution promoting a two percent reduction each year in the national debt. The President said that that would be a consummation devoutly to be wished, but that he was sure he should not be so optimistic as to expect it. Still, he was particularly encouraged by the fact that these thoughts had come from the "grass roots".

Secretary Anderson told the President that he would like to add a few comments to Director Stans' presentation. When anyone is asked to give his goal for his country in business terms, he explained, he generally wishes for a high level of business activity without inflation. Business writers, said the Secretary, often tell him that business leaders are more optimistic than are those in key positions in government. The Secretary asserted that no one can talk us into a recession or into prosperity, but that the attitudes of government, considering its size, the scope of its activities, and the number of its employees, do influence.

The Secretary then listed several factors of strength in the business outlook. The first he mentioned was the inventory picture, in which regard he pointed out that the adjustment was apparently either now completed or nearing completion, for we have swung from $11.4 billion annual accumulation rate in the first quarter to a $0 - $2.5 billion accumulation today.

The Secretary pointed with pride to the fact that we have accomplished this $9 billion shift of inventories in the last six months with business levels rising and wages steady. He further pointed to strong consumer demand as indicated by the growth of the annual rate of personal disposable income by $7.1 billion to a record $354.1 billion in the second quarter, a gain which the Secretary claimed was mostly real and not the result of inflation which has been minute in comparison to previous years. Employment further, he said, rose 110,000 in July to 68,689,000 which is 1,100,000 more than a year ago.

Another indicator is the strength in the stock market which he warned we should not over-stress although it does have a significance, considering that the Dow-Jones industrial average has recovered about half its loss since last January.

A further sign is the easing of credit. Here he pointed out that rates have declined on government and other securities; the prime rates have been lowered from five to four and one-half percent; the bank reserve positions are now much easier; and that we have moved from net borrowed reserve of about $500 million last winter to free reserves of $100-$200 million now. Money supply, he pointed out, grew $900 million between the end of May and the end of July; bank credit expansion points today to even further growth.

Turning to construction, the Secretary pointed out that over-all construction has been fairly stable this year at a somewhat lower level than 1959. Signs of future strength are indicated, he said, by Federal Housing Administration's applications for commitments which were the highest since April of this year in the week preceding the meeting, and the Veterans Administration appraisal requests which, although they dropped sharply in July, have made a sharp rise in August, possibly approaching the June figure which was the highest since October, 1959.

The Secretary further referenced his conversation with the President of General Motors and his prediction that the automobile industry would sell seven million cars next year. The Secretary said that this item should be held in the strictest of confidence -- that it was significant to note that the industry was not only talking of a seven million car year, but spending its money to prepare for this estimate.

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 11652, Section 1
By DHC NLE, Date 8-12-76

Lastly, he pointed to the fact that the financial boom in Western Europe and Japan continues to promote demand for United States' products overseas; particularly in jet aircraft and cotton, United States' shipments abroad are at an all-time high. It would be unusual, he said, if our economy declined while this boom proceeded at such a pace abroad.

Dr. Saulnier added to Secretary Anderson's remarks. Although his comments were generally more pessimistic, he attributed his attitude to the fact that July and August, like January and February, were traditionally slow days in the business economy.

The President said that in his country July and August were called "dog days".

Then turning to the next item the President called on General Quesada.

Dulles International Airport - General Quesada pointed out that he had lived with the plans for the Dulles International Airport from the standpoint of a passenger, a pilot, and an airlines owner, and in these three roles has been able to see some of the errors which had not shown up on paper in the earlier designs for the airport. He turned first to a diagram showing the over-all size of the new airport as contrasted to Washington National Airport which in area is less than one-tenth as large. He pointed out some of the lesser problems which his investigation turned up. In one instance, for example, he had managed to shorten by a thousand feet a diagonal run-way because his investigations revealed that when the winds were from that direction they were consistently stronger. In order to avoid complaints from residents in the surrounding area, he proposed to plant some two million seedlings and to leave as many trees as possible during the construction since it had been determined, again by his investigations, that these are the best natural sound-absorbers. In order to provide as fast-as-possible access to the airport for airlines passengers, Quesada has stood firm on his original ruling that no local access roads may tie into the highway proposed. On this point he has not only won the approval of Congress, but has won the support of Virginians by explaining to them that he was sparing them from the pains and burdens of fast development. To this end, he transported local committees to areas depreciated by too fast overgrowth.

Quesada showed an artist's conception of the terminal building along with a scale model and said rather proudly that he thought that the building would look almost exactly as it was there illustrated. The President countered that he considered that no compliment as far as he was concerned, and admitted that he did not like modern architecture. When Quesada replied that it was not his preference either but that it was certainly functional, the President said, "Pete, they told me that the Air Force Academy was the last word in functionality. When I went out there I saw all these flat roofs and said 'In my day flat roofs meant that we were never dry from the first rain on'. The men there told me that they were having their troubles, too. So you see that these functional moderns are often more modern than functional."

In reply to the President's query as to whether there would be any charge for all of the services that Quesada was describing, and, if so, who would pay for them, Quesada explained that the FAA expects to operate the Airport on a pay-as-you-go-user basis; that he hoped further that they would be able to incorporate the airport and put it on a profitable basis as they had the Washington National Airport. Service costs, he said, would be included in the price of the ticket purchased by the airlines passengers.

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Quesada mentioned to the Cabinet that the noise problem is magnified by the tendency of the population to migrate to the areas around an airport. After they have built their homes, their next move is to file petitions against aircraft noise. For these people, the President said that he had no sympathy. The Attorney General reported that the courts have been ruling that use of air-space over a man's house can depreciate his property value and whether the man knew the airport and the noise were there prior to making his purchase in some cases has not been held material by the court.

Quesada answered Chairman McCone's question regarding Customs by saying that Customs areas had been provided in the plan.

To Secretary Benson who inquired about a hotel, he said there would be a hotel, but that it would be privately financed and operated. He explained to Secretary Anderson where private planes would land; satisfied Secretary Mueller with his explanation of baggage handling arrangements, and assured the President that there was provision for helicopter service.

Robert Gray

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RA - 60-157

September 1, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Friday, August 26, 1960:

1. Budget Status Report

ACTION: In a final report of the Fiscal Year 1960 Budget, Director Stans pointed to two major Administration accomplishments; a year-end surplus of approximately $1.1 billion; a reduction in personnel of 2.28 percent. It was noted that year-end personnel figures have varied only a few hundred from a total of 2,355,000 at the end of each of the Fiscal Years 1958, 1959, and 1960 despite the expansion of the National Aeronautics and Space Administration and the Federal Aviation Agency, the necessary additions in the number of postal workers brought on to serve an increased and spreading population, and the natural tendency of government to grow each year.

Secretary Anderson listed several factors of strength in the business outlook ahead. The Secretary spoke optimistically about the inventory picture, prospects for strong consumer demand, easing of credit, possible increases in both construction and new car production, and offered to have an expansion of his remarks distributed through the Cabinet Secretariat.

2. National Emergency Alarm Repeater System /CI - 60-71/

ACTION: Cabinet Members were advised of and urged to observe the October 11, 1960, test of the NEAR System in Charlotte, Michigan. Governor Hoegh will report at a later date on the results of his efforts to solve issues now under consideration; namely, willingness of the power companies to have the NEAR System installed in their plants; willingness of power companies to pay for the cost of installation of signal generators; how to create a demand for receivers and a willingness to buy them on the part of the public; and, finally, the best methods to market, maintain and service the receivers.

CABINET PAPER

For Action

3. Dulles International Airport

(Information item)

In a presentation on which he was complimented by the President, General Quesada reported on the progress of the Dulles International Airport under construction and answered questions of the President and the Cabinet about the final plans and proposed operation upon completion.

Robert Gray
Secretary to the Cabinet

Approved by the President
September 1, 1960

THE WHITE HOUSE
WASHINGTON

August 25, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, August 26

1. Budget Status Report (Director Stans)

Director Stans will make a 10-minute, two-chart presentation recapping last year's budget.

2. National Emergency Alarm Repeater System (Director Hoegh)

On October 11, 1960, OCDM will conduct a full-scale test and demonstration of the National Emergency Alarm Repeater System in Charlotte, Michigan. In a five-minute presentation, Governor Hoegh will describe the System, its cost, and the issues yet to be resolved.

3. Dulles International Airport (General Quesada)

General Quesada will brief you and the Cabinet on Dulles International Airport problems and some of the solutions he proposes for this "21st Century" project. He will have a to-scale model in the Cabinet Room for your perusal.

Robert Gray

THE WHITE HOUSE
WASHINGTON

August 29, 1960

MEMORANDUM FOR THE MEMBERS OF THE CABINET

Attached are reproductions of charts used by Director Stans in his presentation to the Cabinet at the August 26 meeting, showing the figures behind the year-end surplus of approximately $1.1 million, and the steady level of civilian employment for the years 1958, 1959, and 1960, despite the expansion of the National Aeronautics and Space Administration and the Federal Aviation Agency, the necessary additions in the number of postal workers brought on to serve an increased and spreading population, and the natural tendency of government to grow each year.

Also for your possible use in speeches you will find attached a brief survey of the economy which is an expansion of the remarks made by Secretary Anderson at Friday's Cabinet meeting when he listed factors of strength in the business outlook ahead.

This information is not classified.

Robert Gray
Secretary to the Cabinet

BUDGET STATUS REPORT
EXECUTIVE BRANCH CIVILIAN EMPLOYMENT

	Actual June 30		
	1958	1959	1960
CABINET DEPARTMENTS			
Agriculture	101,139	97,220	98,694
Commerce	30,583	32,224	33,726
Defense			
Military	1,069,967	1,050,557	1,018,849
Civil-Corps of Engineers	27,128	27,621	28,271
Health, Ed., and Welfare	55,234	59,099	61,641
Interior	56,612	55,734	56,816
Justice	30,760	29,987	30,943
Labor	5,959	5,950	7,123
Post Office	538,416	549,951	562,868
State	22,844	22,738	23,423
Treasury	77,467	76,011	76,179
Total Cabinet Depts.	2,016,109	2,007,092	1,998,533
OTHER AGENCIES			
Atomic Energy Commission	7,107	6,855	6,907
Mutual Security	12,334	13,085	14,560
Veterans Administration	172,005	171,414	172,338
Federal Aviation Agency	25,973	33,624	38,132
Nat. Aeronautics & Space Adm.	7,818	9,235	10,232
Gen. Serv. Administration	27,891	27,946	28,213
Housing and Home Finance	10,279	11,115	11,105
All other agencies	75,522	74,661	75,233
Total other agencies	338,929	347,935	356,720
GRAND TOTAL	2,355,038	2,355,027	2,355,253

BUDGET STATUS REPORT
EXECUTIVE BRANCH CIVILIAN EMPLOYMENT

	June 30, 1960		
CABINET DEPARTMENTS	Financed by appropriation	Actual	Percent of change
Agriculture	100,981	98,694	- 2.26
Commerce	34,501	33,726	- 2.25
Defense			
Military	1,052,803	1,018,849	- 3.23
Civil-Corps of Engineers	29,850	28,271	- 5.29
Health, Ed., and Welfare	61,952	61,641	- .50
Interior	60,875	56,816	- 6.67
Justice	30,735	30,943	+ .68
Labor	6,862	7,123	+ 3.80
Post Office	566,933	562,868	- .72
State	23,641	23,423	- .92
Treasury	77,516	76,179	- 1.72
Total Cabinet Depts.	2,046,649	1,998,533	- 2.35
OTHER AGENCIES			
Atomic Energy Commission	7,041	6,907	- 1.90
Mutual Security	14,868	14,560	- 2.07
Veterans Administration	174,212	172,338	- 1.08
Federal Aviation Agency	38,832	38,132	- 1.80
Nat. Aeronautics & Space Adm.	9,780	10,232	+ 4.62
Gen. Serv. Administration	29,529	28,213	- 4.46
Housing and Home Finance	11,799	11,105	- 5.88
All other agencies	77,509	75,233	- 2.94
Total other agencies	363,570	356,720	- 1.88
GRAND TOTAL	2,410,219	2,355,253	- 2.28

BUDGET STATUS REPORT - Fiscal Year 1960

	$ MILLIONS		
	Budget	Actual	Difference + or -
BUDGET RECEIPTS			
Individual income taxes	$40,700	$40,717	$+ 17
Corporation income taxes	21,448	21,494	+ 46
Other	14,952	16,157	+ 1205
TOTAL RECEIPTS	77,100	78,368	+ 1268
BUDGET EXPENDITURES			
CABINET DEPARTMENTS			
Agriculture	6,450	5,429	- 1021
Commerce	476	539	+ 63
Defense			
Military	40,945	41,200	+ 255
Military Assistance	1,850	1,605	- 245
Civil-Corps of Engineers	815	867	+ 52
Health, Education, and Welfare	3,140	3,403	+ 263
Interior	757	690	- 67
Justice	259	258	- 1
Labor	562	549	- 13
Post Office	109	528	+ 419
State	243	242	- 1
Treasury	8,900	10,133	+ 1233
TOTAL, CABINET DEPARTMENTS	64,506	65,443	+ 937
OTHER AGENCIES			
Atomic Energy Commission	2,745	2,624	- 121
Mutual Security, Economic Asst.	1,648	1,607	- 41
Veterans Administration	5,168	5,250	+ 82
Federal Aviation Agency	560	508	- 52
Natl. Aeronautics and Space Adm.	280	401	+ 121
General Services Administration	411	409	- 2
Housing and Home Finance Agency	318	307	- 11
All other	1,394	663	- 731
TOTAL, OTHER AGENCIES	12,524	11,769	- 755
GRAND TOTAL BUDGET EXPENDITURES	77,030	77,212	+ 182
SURPLUS	+70	+1,156	+1,086

BRIEF SURVEY OF THE ECONOMY

After living with 20 years of inflationary pressures, interrupted only by three mild and short-lived recessions, it is understandable that a free enterprise economy would have to undergo some deep-seated adjustments once the return to appropriate fiscal policies had struck down both the fear and the fact of inflation. This fundamental readjustment, coupled with a short-run but nevertheless strong adjustment in business inventory positions, underlies the tendency for the American economy in 1960 to move along at a high level of business activity. The achievement of a $1.1 billion budget surplus in the past fiscal year is actually a notable factor of strength, not the drag on business activity implied by some observers.

First, a few words about the short-run adjustment in business inventory policies. In the first quarter of 1960, businesses were accumulating inventories at the near-record annual rate of $11.4 billion; the most recently available figures indicate a current rate of accumulation somewhere between zero and $2.5 billion. Thus, there has been a decline of $9 to $11 billion in inventory spending, which in turn has been primarily responsible for the generally sidewise movement in industrial production thus far in 1960.

It is highly significant that the extent of this swing is about equal to the total shift during the recession of 1957-58, which was the most important single factor depressing spending and output at that time. Thus, a strong case can be made for the proposition that in 1960 we have witnessed another major shift in inventory spending. But in contrast to some of the earlier experiences -- notably, 1948-49, 1953-54, and 1957-58 -- the current adjustment has proceeded smoothly without resulting in net declines in total economic activity, employment, and income.

Stated differently, it may well be that the inventory adjustment in 1960 has occurred in lieu of the fourth postwar recession. While this contention is not provable, it is indeed notable that so large a drop in inventory spending could be sustained at a high level of business activity.

The satisfactory performance of the economy in 1960 is all the more striking in view of the impact of the more fundamental adjustment now taking place; namely, the sharp decline in inflationary psychology and the emerged prospect for price stability in the months ahead. The simple fact is that the economy is now functioning without the artificial and important stimulus of inflationary expectations. This situation, coupled with the impact of the steel strike and the introduction of more efficient methods of inventory control, has been a major factor contributing to the decline in inventory spending this year.

The importance of the dampening of inflationary expectations should not be underestimated. It will be recalled that in mid-1958 expectations of inflation rose to a peak. As business activity turned sharply upward in the recovery from the recession of 1957-58, more and more people began to express fear that future inflation was inevitable. These fears were stimulated by a combination of factors, including the tendency for consumer prices to rise, rather than fall, during the recession; the strongly emerging strength of the business upturn; the pervasive influence stemming from a background of almost two decades of inflationary pressures; and, of primary importance, the realization that the Federal budget would show a deficit of $10 to $15 billion in fiscal year 1959. Thus, the "inevitability of inflation," along with many suggestions as to how people could "hedge" against it, became a favorite topic of conversation and the subject of many articles in newspapers and periodicals.

Under these conditions, the business recovery of 1958-59 threatened to rise to an unsustainable pace, simply because inflationary expectations may easily encourage over-investment in inventories, in plant and equipment, and in any type of good that people believe may grow scarce, or whose price may rise, in the future. The clear task was to prevent such over-investment from occurring. Since the impending Federal deficit was undoubtedly the major factor in the psychology of the day, with many people believing that the Federal Government had lost control of its finances, the first order of business was to move back to at least a balance in the budget as quickly as possible. The urgency of this shift was emphasized by our weak international balance of payments position and some developing concern abroad as to whether this nation was determined to maintain monetary and fiscal discipline.

Because of the time required to achieve the shift in budget position, however, monetary policy had to bear the brunt of the effort from mid-1958 to early 1960. With private credit demands rising at a record pace, and with the Treasury forced to finance the largest peacetime deficit in history, increases in interest rates were inevitable -- unless controls were imposed -- and rates did indeed rise to the highest levels in almost 30 years.

But the significant point is that the policies were successful. The appropriate monetary policy and the shift to a surplus in the budget did much to prevent the build-up in inflationary actions that would have pushed the expansion to an unsustainable level. And it is particularly notable that the quieting of inflationary expectations dated almost precisely from the time of the President's State of the Union Message in January, when he confirmed the prospects for a small surplus in the budget for fiscal 1960 and presented a budget with a $4.2 billion surplus for fiscal 1961. Prices of stocks backed away from the inflation-induced levels of 1959 and interest rates began to decline.

As noted earlier, the economy has performed very well indeed during this period of basic readjustment. Businessmen can now make plans and calculate costs on the basis of a stable dollar, rather than on the false illusion of inflation-engendered profits and rising values. While this temporarily may hold back ebullience in the economy, it is precisely what is required from the long-run standpoint of achieving the maximum rate of sustainable growth without inflation. Under such conditions, there is a much better chance for avoiding the boom and bust trend that has troubled our economy in the past.

Moreover, the achievement of an appropriate budget position has made it possible for the monetary authorities to relax the pressure that was necessary in the latter part of 1958 and throughout 1959, when inflationary psychology and pressures were so strong. Since the first of the year, the authorities have twice reduced the discount rate (from 4 to 3 percent); lowered margin requirements; and, most importantly, added significantly to the reserves of the banking system through open market operations. The money supply, which had been declining, has recently been rising. And with the Treasury putting funds into the market by retiring debt, rather than borrowing, interest rates have backed away significantly from the peaks of December 1959 and January 1960. There is no question that credit will be amply available to support business and consumer spending, but without inflationary overtones.

Finally, the return to fiscal discipline has reassured foreign observers who hold substantial amounts of short-term claims on this country. The achievement of a $1.1 billion surplus in the past fiscal year, in sharp contrast to the $12.4 billion deficit a year earlier, is positive proof that this nation recognizes the need for sound fiscal policies as the basic foundation for a strong dollar.

In assessing the prospects for business activity during coming months, it is important to maintain perspective. First, the type of inventory adjustment that has been taking place in 1960 is basically self-correcting, provided that final demands are well maintained. The latest surveys indicate continued planned advances in business expenditures for new plant and equipment and state and local government spending. Most observers believe that Federal spending will be rising in coming months. Thus, in the final analysis, the American consumer holds the key to business prospects.

Recent surveys picture the consumer as becoming more cautious with respect to his spending plans, but this is understandable in view of the heightened uncertainty in international relations (particularly developments in Cuba, so close to our shores) and the fact that 1960 is a presidential election year. The 1960 decline in stock prices may also be a factor. But there can be little doubt that the fundamental factors determining consumer spending power are very strong. Employment has advanced to a record level, in spite of the so-called "sluggishness" of the economy this year. More importantly, personal income and disposable income have been rising strongly; the latter advanced at an annual rate of $7.1 billion in the second quarter to a record rate of $354.1 billion.

Some observers question the validity of reference to increases in income, pointing to the fact that income rose rapidly in the months preceding the onset of the recession of 1957-58. There is, however, a key difference between the two periods. The rise in dollar income in 1957, although at a rapid pace, was misleading in that a substantial portion of the increase was offset by rising consumer prices. This time, with inflation brought under control, rapidly rising personal income actually means rapidly rising purchasing power for the consumer. Moreover, it is important to note that employment in July rose 110,000 to an all-time peak of 68,689,000 -- 1,100,000 above a year ago.

In addition to the favorable aspects of the inventory situation and the underlying strength of consumer demand, several other factors can be pointed to as signs of strength in the current economic picture. For example, the easing of credit referred to above has contributed to a significant, but as yet more or less unnoticed, expansion of credit in the economy. Despite the fact that business loans, reflecting the inventory adjustment, have declined considerably since mid-year, total loans and investments are up sharply. The expansion in July alone was $2 billion. While much of this expansion reflected commercial bank purchases of newly issued Treasury securities, available figures relating to the larger member banks in the Federal Reserve System point to further credit expansion since that time. This is to be expected in view of the easier monetary policy.

The easing of credit, and the consequent increase in availability of mortgage credit, provides a favorable credit climate for the construction industry. While total outlays have been fairly stable this year, at a level below the peak rate of 1959, it is important to recognize some recent developments that point to strength in the industry. For example, applications for commitments with respect to new home construction under the FHA program rose sharply in the most recent week, to the highest rate since the first week in April. Moreover, requests for appraisals under the VA program have advanced considerably; the August total may be close to the June figure, which was the highest since October 1959. Furthermore, the F. W. Dodge seasonally adjusted contract awards series, heavily weighted by heavy construction contracts, rose in June and again in July.

The behavior of stock prices might also be listed as a factor of strength, although the importance of stock prices as an economic indicator should not be stressed too heavily. It is noteworthy that, despite the absence of inflation as a stimulus, the Dow-Jones industrial average has recovered almost half of the loss experienced between January and July.

A final factor of strength is the continuation of boom conditions in Western Europe and Japan. The strong demand for our exports which such conditions promote not only is a plus factor in our business picture, but also tends to reduce our balance of payments deficit.

To sum up: Although the over-all level of economic activity in the United States has been somewhat less than predicted by the more optimistic observers last winter, the performance of the economy can be viewed as very satisfactory in view of the fundamental adjustment that has been taking place. The shift to a $1. 1 billion surplus in fiscal year 1960 has laid the base for steady, non-inflationary growth in the period ahead. And at the same time it has provided a convincing demonstration, so important to the international status of the dollar and the strength of the free world, of the determination of the American people to handle their financial and economic affairs soundly.

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY
WASHINGTON

August 29, 1960

[illegible] read
& circulated to Cab
8/30/60

MEMORANDUM TO:

Mr. Robert Gray
Secretary to the Cabinet

Secretary Anderson asked me to send you the attached which is a write-up of his remarks at Cabinet last Friday.

NR.
Neva Renner
Secretary to
R. B. Anderson

Attachment

BRIEF SURVEY OF THE ECONOMY

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CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only

CI - 60-71

August 24, 1960

The White House

Washington

THE CABINET

"NEAR" System for Public Warning

Problem: To report upon the progress and current status of the National Emergency Alarm Repeater System

Discussion: The development of thermonuclear weapons in the megaton range with their attendant fallout and decreasing warning time, especially from missile attack, intensifies the requirement of warning all the population as rapidly as possible. Now all but a few potential target cities have sirens, whistles, or other outdoor warning devices. These devices are less efficient in dispersed suburban areas, and are often inaudible indoors.

The Office of Civil and Defense Mobilization has pursued a series of research programs to supplement existing outdoor warning devices with a sure, speedy, economical means of warning all the people at any time day or night wherever they may be.

Systems investigated include telephone, radio, TV, rockets and pyrotechnics as well as commercial power systems. Of all these, transmitting a distinctive signal over the power systems offers the most promising results, since by this means it is possible to reach about 96 percent of the homes and other buildings at any given time.

A. System Description

Use of power systems have been investigated thoroughly. As a result a system has been developed which is technically sound, rapid, reliable, and capable of reaching into any room in any building in the nation served by electricity. This system we call the National Emergency Alarm Repeater System -- short title: NEAR System.

The system is based upon the principle of creating within an electrical power network a signal which activates a receiver or buzzer plugged into any standard wall or light socket receiving power through that power network. The receiver is a small box, slightly longer than a package of cigarettes.

Extensive tests of the NEAR System over a period of two years have proved that superimposing the signal over power lines does not produce any harmful side-effects to the services offered by the power companies nor does it create any harmful or abnormal operating conditions.

B. System Application

The principles incorporated in the design of the system make possible many subsidiary uses without detracting from the primary objective of warning the population of enemy attack.

Besides its use as an alarm in homes, schools, offices, factories and other places, the system could be used to sound sirens and switch traffic lights for evacuation.

Coded signals and special receivers at higher costs can be employed to alert selected individuals such as key Government officials, key Air Force crewmen, and Nike crews, to name a few, without alerting the general population. Military use is a very important aspect of the NEAR System, beyond purely civil defense considerations. OCDM has discussed this with elements of the Department of Defense. The Air Defense Command is especially interested in adapting the system for their air bases and SAGE installations.

The signal to the home owners would mean "turn on your radio for instructions;" thus warning of tornado, hurricane, or other natural disaster can be given, providing a day-to-day peacetime use as well as warning of enemy attack.

Since this project is in its early development stages, it is felt that future experience will reveal many other adaptations, for both defense and commercial uses.

C. Cost of Financing

The cost of installing generators to cover the entire country is estimated at about 40 million dollars or about $1.00 per household. A final determination as to cost depends on how many small communities with independent power generation are served. This does not include the cost of the receiver, between $5 and $10 in mass production.

D. Issues to be Resolved

First, will the power companies be willing to have the NEAR System installed in their plants? Second, will they be willing to pay for the cost of installing the signal generators? Third, if the generators are installed, can the interest of the public be sufficiently stimulated to create a demand for receivers and a willingness to buy them? (Mass production in very large quantities would reduce the cost of each unit to an acceptable figure.) Fourth, what will be the best method to market, maintain, and service the receivers?

OCDM has discussed these questions with some leaders in the electric power and electrical manufacturing industries. It appears unlikely that the power industry will support any proposal that it sell NEAR receivers. Their chief argument is that public warning is a function of civil defense and, as such, a responsibility of the government as indicated in The Federal Civil Defense Act of 1950, as amended. They also maintain that public reaction to industry operation of a warning system for profit might be injurious, and that stockholders could not be asked to underwrite so large a capital investment not directly related to the business of supplying energy. The power industry may well be willing, however, to make its facilities available and to maintain and operate NEAR systems.

E. Conclusions

In order to assess more accurately the reaction of power officials, the public, and responsible Government officials, a demonstration will be conducted on October 11, 1960 in Charlotte, Michigan, a small town about 30 miles from Battle Creek, the site of our Operational Headquarters. Alarm receivers in Charlotte will be activated by the signal generators in Battle Creek, 30 miles away, and in Grand Rapids, 60 miles away. The cooperation of the townspeople has been obtained in participating in a full scale test and demonstration, including the distribution and installation of receivers and the reporting of results. Formal invitations have been sent to key Government officials, power company officials, and the news media -- about 100 in each group. Following the demonstration, group discussions will be held to clarify the major issues set forth in paragraph D above, after which courses of action will be determined.

Recommendation: No recommendation is submitted at this time. The item is purely for information. After demonstration and subsequent meetings with power officials, OCDM will report on this subject again and recommend future courses of action in regard to the NEAR System.

~~SECRET~~

CABINET PAPER—PRIVILEGED

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CI-60-7/8

August 1, 1960

THE WHITE HOUSE

WASHINGTON

THE CABINET

Action Status Report

For information of Cabinet members, attached is the ninth Cabinet Action Status Report.

This Report, prepared by the Cabinet Secretariat on the basis of material supplied by the Cabinet Departments and the Executive Office, is designed to assist the President and Members of the Cabinet to keep track of action taken on decisions made at Cabinet meetings, and to help ensure coordination in the action process.

This report covers the Cabinet meetings from June 22, 1959 through July 1, 1960 (RA - 59-135 through RA - 60-156).

Also included in this Report are action assignments which have been carried forward from the previous reporting period (cf CI - 59-7/7).

The attention of each Cabinet member is directed (a) to the section of the attached Report which concerns his Department and (b) to Section W - "General Action Assignments to All Cabinet Departments."

Robert Gray
Secretary to the Cabinet

DECLASSIFIED WITH DELETIONS
Authority AGENCIES LISTED BELOW
Date
By , NARS Date
DOT LTR. 2/18/75
USDA LTR 2/25/75
COMMERCE LTR. 5/10/75
HEW LTR 2/18/75
OMB LTR. 3/21/75
DOD LTR. 3/25/75
STATE LTR 6/27/75
ERDA LTR 4/4/75
NSF LTR 3/10/74
GSA LTR WITH DELETIONS 8/5/75
NSC LTR - 8/26/75

Never scheduled at Cabinet

CABINET PAPER

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CI-60-7/8

August 1, 1960

The White House

Washington

THE CABINET

Action Status Report

(For the period June 21, 1959 - August 1, 1960 and
including assignments from the pre-
vious reporting period)

A. THE VICE PRESIDENT

1. The Cabinet Committee on Price Stability for Economic Growth

(CI - 59-7/7, Item A-1)

The Committee has met frequently. It made an oral progress report to the Cabinet on June 22, 1959 (RA - 59-135, Item 4); issued its first Interim Report on June 29, 1959; other reports on August 17, 1959; September 7, 1959; and October 25, 1959. It issued its second Interim Report on April 17, 1960.

2. Television "Briefings"

(3/4/60, RA - 60-148, Item 1(f))

Cabinet action completed.

Deferred. The President, the Vice President and many others gave television addresses on this theme at the Republican National Convention.

B. THE DEPARTMENT OF STATE

1. Assessment of Chairman Khruschev's Visit and of Other Top Level US-USSR Exchanges

(11/6/59, RA - 59-140, Item 1-b)

Cabinet action completed.

Some of the proposals noted here, especially those with respect to Berlin and matching contributions for the UN, have been made and are still standing.

2. Report from NATO

(11/11/59, RA - 59-141, Item 1)

Cabinet action completed.

Mr. Spaak met with the President, the Vice President, the Secretaries of State and Treasury, the Chairman of the Council of Economic Advisers, the Directors of USIA and of CIA, and other senior officials, in a highly successful visit.

3. Coordination of International Educational and Cultural Activities

(11/27/59, CP-59-102, RA - 59-142, Item 2)

The final text of Cabinet Paper 59-102 is still under consideration. Also under consideration is a new Executive Order dealing with the subject of subparagraph b.

4. Refugee Problems and World Refugee Year

(3/11/60, CI-60-67, RA - 60-149, Item 1-c)

Cabinet action completed.

The Administrator of the Bureau of Security and Consular Affairs and other officers of the Department of State on repeated occasions have brought the President's and the Administration's desire for prompt action on the Administration immigration bills, S. 3225, H.R. 11234, and H.R. 11235, to the attention of the Chairman of the Senate and House subcommittees on immigration. They have also discussed this interest with members of these subcommittees and with other members of the Congress who appear to be particularly concerned with the subject matter. (See Section E-1 below.)

5. Clearance of Speeches Affecting Foreign Policy

(3/11/60, RA - 60-149, Item 3)

Arrangements and compliance here seem to be more effective than previously. In the last four months of 1959 a total of 208 items (speeches, articles, press releases, etc.) were offered to the Department of State for clearance, the average being 52 items per month. In the first 5-4/5 months of 1960 a total of 428 items was similarly submitted, averaging 72 items per month. The Department of Defense and the Service Departments have organized a particularly careful clearance machinery with the Department of State which is reported functioning smoothly.

6. Isthmian Canal Plans, 1960

(4/29/60, CP 60 - 108, RA - 60-152, Item 4)

With reference to items 4(b)(i), on May 20 Acting Secretary Dillon addressed a Memorandum to the President setting forth a number of diplomatic considerations involved in negotiating a route for an Isthmian sea level canal to be constructed by nuclear excavation techniques outside the Canal Zone, including a discussion of possible routes through Mexico, Colombia, Nicaragua, and Panama. It was concluded that it is premature to attempt within the near future to select a location for a sea level successor to the present Panama Canal.

With reference to item 4(b)(ii), on May 4, Acting Secretary Dillon recommended to the President that, on foreign policy grounds, an embargo be placed on release of the contents of CP-60-108 until a long-range Isthmian Canal policy has been formulated in the National Security Council for the President's review and approval. On May 6, the President determined that there will be no release of the contents of CP-60-108.

The NSC is now seized of the entire Isthmian Canal problem and the Department has submitted a paper to the Planning Board Assistants. The Departments of State and Defense are now actively engaged in the preparation of policy recommendations which will be submitted to the President for decision after appropriate consideration throughout the NSC structure.

7. Developments at the Summit and Their Significance

(5/26/60, RA - 60-154, Item 1-a)

Cabinet action completed.

The Department of State has recommended adversely with respect to this matter, particularly since most of the substantive points of the statement involved have already been made public by leading Government spokesmen.

8. Gifts from Foreign Governments

(CI-59 - 7/7, Section B-1)

In January of 1960 it was determined by the Department of State, and affirmed by the White House, that 1960 would not be an appropriate time to submit to the Congress the draft legislation proposed in Cabinet Paper 59-80/1.

9. Return of Vested German and Japanese Assets

(CI-59 - 7/7, Section B-2)

Cabinet action completed.

As a result of German representations in mid-1958, it was agreed to defer the submission of the Administration's comprehensive proposal for an equitable monetary return of vested German assets and for the payment of American war damage claims. It was also agreed that the submission of draft legislation for the payment of American war damage claims should not be further delayed. On July 3, 1958 the Assistant Secretary for Congressional Relations reported this decision in a letter to the Chairman of the interested Congressional Committees. This letter noted that a separate claims bill might facilitate future efforts to achieve a final solution to the vested assets problem since, by establishing the magnitude of valid claims, one of the principal sources of difficulty in the consideration of the problem would be eliminated. During Chancellor Adenauer's visit here in March of this year the Germans were informed that action on the American claims legislation was a necessary preliminary to further discussions on a settlement of the vested assets question.

The Administration bill for the payment of World War II damage claims of American nationals against Germany and for the payment of similar war damage claims of American nationals arising in the Pacific theater was transmitted to the 86th Congress on behalf of the Administration by the Foreign Claims Settlement Commission on January 7, 1959. It was introduced in the House as H.R. 2485 and referred to the House Interstate and Foreign Commerce Committee. The same bill was introduced in the Senate as S. 2005 on May 20, 1959 by Senator Wiley and referred to the Committee on the Judiciary. Hearings were held by the appropriate Subcommittees of the Senate and House on these and several other bills relating to war claims and vested assets during the First Session of the 86th Congress. The Administration bill called for the payment of the claims against Germany from the proceeds of the liquidation of vested assets and the Pacific claims from appropriated funds not to exceed ten million dollars.

On March 1, 1960 the House passed H.R. 2485, as amended, to provide that all claims authorized be paid from the available proceeds of the vested assets. On June 21, 1960 the Senate Subcommittee on Trading With the Enemy Act ordered favorably reported to the full Committee H.R. 2485, further amended to provide only for adjudication of the American war damage claims but without provision for their payment. The Senate Subcommittee also ordered favorably reported S. 531, relating to certain returns of vested properties to persons now United States citizens, amended to include the substance of S. 2012 which provides for the divesting of certain interests in estates and trusts and S. 2354 which provides for the return of vested copyrights and trademarks and for the transfer of vested motion picture films to the Library of Congress. The last mentioned bill was submitted to the Congress by the Department of Justice, with the concurrence of the Department of State, and is primarily for the purpose of eliminating the administrative burden occasioned by the continued vesting of those categories of property.

The Senate Subcommittee also ordered reported to the full Committee without recommendation H.R. 6462, which was passed by the House on March 1, 1960, concerning the settlement of claims of successor organizations for the return of vested heirless property, and S. 1103 authorizing the Alien Property Custodian to sell certain property under provisions of the Trading With the Enemy Act.

10. Initiation and Preparations for Tariff Negotiations

(CI-59 - 7/7, Section B-4)

Under the guidance of the Department of State, the Departments and Agencies having responsibilities in the trade agreements field have continued the necessary preparatory work for United States participation in the GATT tariff negotiations conference which is to begin at Geneva in September 1960.

On May 27, 1960 the Trade Agreements Committee (TAC) issued the official announcement of the intention of the United States to participate in the negotiations under the authority and procedures of the trade agreements legislation. Accompanying the announcement was the list of products, approved by the President, on which the United States may consider offering tariff concessions in exchange for tariff concessions by other countries. The Tariff Commission is making the required "peril point" investigation on each product on this list. The TAC also issued on May 27 a list of products of significance in United States export trade on which concessions from other countries may be sought in the negotiations.

In public hearings before the Committee for Reciprocity Information and the Tariff Commission, (which began July 11), interested persons have an opportunity to make their views known on all aspects of the negotiations, including whether or not concessions should be offered by the United States on particular products or sought from other countries participating in the conference. The information developed in these hearings will be utilized by the TAC in completing its preparatory work for United States participation in the negotiations, which is being pursued along the following three lines:

1. Preparation of final request lists on other countries specifying the rate reductions to be sought;

2. Preparation of recommendations to the President on possible offers of tariff reductions on items on the public list of import items issued on May 27; and

3. Preparation of recommendations to the President on items for inclusion in a contemplated supplementary public list.

C. THE TREASURY DEPARTMENT

1. International Balance of Payments

(8/7/59, RA - 59-138, Item 2)

Following the Cabinet meeting of August 7, 1959, a Balance-of-Payments Group at Cabinet level was formed, chaired by the Secretary of the Treasury, and consisting of Messrs. Dillon, Gates, Mueller, Southard, Wallich, Upton, Baird, Waugh, Saulnier, and Martin. To carry out the broad objectives set by the Cabinet Group, a Deputies Group was subsequently constituted under the chairmanship of Mr. Alfred H. Von Klemperer, Assistant to the Secretary of the Treasury, and including representatives of the White House, the CFEP, State, Defense, Commerce, the Bureau of the Budget, the Export-Import Bank, and the Federal Reserve Board.

Under the guidance of the Deputies Group, a number of studies have been organized to be coordinated through the NAC and the CFEP. Drafts of some of these studies, covering the following subjects have now been completed:

(1) U. S. efforts to abolish discrimination against U. S. goods in foreign markets, and seek relaxation of import restrictions generally;

(2) Effects of U. S. stockpiling policies on balance of payments;

(3) Possible foreign exchange savings in foreign operations of Defense Department military functions;

(4) Possible foreign exchange savings in connection with military assistance expenditures;

(5) Negotiations on debts owed to the U. S. where no formal agreement has as yet been reached with debtor countries such as the Japanese GARIOA:

(6) Increased participation by foreign industrial countries in long-term development financing; and

(7) Desirability of discouragement or avoidance of encouragement of U. S. private investment in foreign countries.

Studies covering the remaining items cited in the Cabinet Record of Action are under way, and it is anticipated that they will all be completed within a period of 2 to 3 months.

In three additional fields, studies have been completed and concrete steps have been taken to place newly-developed policies into operation. Last Fall, as a means of diminishing the adverse impact of our economic aid programs on our balance of payments, it was agreed by the Board of Directors of the Development Loan Fund to place primary emphasis in their procurement policy on the financing of goods and services of U. S. origin. Second, in May of this year, following the development of a new policy by the NAC, the Export-Import Bank of Washington inaugurated a plan of expanded export credit insurance facilities to cover the political risks in short-term export transactions, and designed to improve the competitive position of American exporters. Third, early this spring an export promotion drive was launched through a Presidential Proclamation and under the direction of the Department of Commerce, which entails

efforts to improve services to our exporters both at home and abroad, and which has enlisted the cooperation of the American exporting community. Additional specific measures are now under consideration in the other fields in which operations are being examined.

Dramatic immediate effects on our balance of payments from the steps taken or in view for early action are not anticipated. However, it is believed that these measures will lay the groundwork for substantial improvement over the longer term.

2. Promoting the Growth of the National Economy: Tax Structure Reform

(CI-59 - 7/7, Item C-2).

This assignment is proceeding on a continuing basis.

D. DEPARTMENT OF DEFENSE

1. Preliminary Evaluation of Operation Alert 1960

(5/12/60, RA - 60-153, Item 3b)

The appropriate studies are underway in the offices of the Joint Chiefs of Staff and of the Assistant Secretary of Defense for Properties and Installations. Their results should be available by October 1, 1960. The Congress, however, has appropriated for Fiscal Year 1961 only 5.1 of the 10.3 million dollars which was requested to increase the facilities at the AJCC.

2. Cooperation with Canada in Defense

(CI-59 - 7/7, Section D-1)

High-level meetings continue to be held quarter-annually between the Material Secretaries of the Military Departments and the Canadian Department of Defense Production officials to review the progress made and to devise ways and means of encouraging the placement of more of our defense business in Canada.

Under this program, during January 1959-March 1960, total U.S. defense business awarded to Canadian firms was $108 million, while Canadian business awarded here amounted to $212 million. The large imbalance of defense business in U.S. favor resulted principally from the adoption by the Canadians of U.S. F-104 aircraft for manufacture in Canada to meet their NATO commitments. The Canadians must rely heavily on U.S. suppliers of F-104 parts. Since this is a continuing Canadian program, the imbalance will probably continue for the next several months. U.S. program with Canada is based principally upon giving Canadian firms an equal opportunity with American firms to compete for defense requirements. Since Canadian defense industry is relatively small, the Department of Defense feels that the awarding of $108 million worth of business to Canadian firms was a significant achievement.

While the U.S. has adopted a very liberal Buy American Act policy with respect to Canadian prime contract supplies, this has not been of great assistance to the Canadians in obtaining subcontracts from

the United States. The U. S. has recently adopted a much more liberal duty-free entry procedure for Canadian supplies which is consistent with the position taken under the Buy American Act, and should result in many more Canadian subcontract opportunities in the United States. In addition, a development sharing program is also being initiated with Canada, whereby the Canadian Government will finance some U. S. defense development programs with Canadian industry. If these programs are eventually successful, it will result in more defense contracts being placed in Canada. Unusual steps have also been taken to encourage major U. S. defense contractors to permit Canadian firms to compete for defense subcontracts.

E. THE DEPARTMENT OF JUSTICE

1. Refugee Problems and World Refugee Year

(3/11/60, CI-60-67, RA - 60-149, Item 1a & b)

Cabinet action completed.

On March 17, 1960, the President submitted a special message recommending new immigration legislation.

2. Report to the Cabinet from the Interdepartmental Personnel Security Advisory Committee Regarding the Recommendations of the Commission on Government Security

(CI-59 - 7/7 - Item 1 e)

The PSAC drafted proposed legislation in a report dated March 11, 1959. At a White House meeting on April 9, 1959, the report was discussed and the decision reached that legislation was not necessary.

3. Conflicts of Interest

(CI-59 - 7/7 - Section U-5a)

Pursuant to recent discussions between the Department of Justice and Bureau of the Budget, it has been concluded for the time being that in the absence of a Congressional request for Administration's views the Bureau would not attempt to secure Agency views on the pending legislation.

F. THE POST OFFICE DEPARTMENT

1. Report on Mail Delivery and Similar Governmental Services in Germany During the Final Months Before Her Surrender in 1945

(CI-59 - 7/7, Section F-1)

Assignment completed in a memorandum to the Secretary to the Cabinet which has been reported to the President.

G. THE DEPARTMENT OF THE INTERIOR

1. Implementation of the Report of the President's Advisory Committee on Water Resources Policy

(CI-59 - 7/7, Section G-1)

No legislation has yet been submitted to the Congress by the Administration to implement the report of the President's Advisory Committee on Water Resources Policy.

Following the activity reported previously (in Section G-1) a condensed version of the "package" water resources policy bill, omitting the main features of the earlier bill to which objections had been raised, was circulated by the Bureau of the Budget for agency comments. The general objectives of this new draft bill are to provide for the establishment of regional or river basin water resources commissions and to establish uniformity of approach among the various affected Federal Agencies' evaluation of plans for water resources and related developments involving Federal construction and financial participation. This new draft would be available as a substitute for H. R. 3704 and would be in partial implementation of the recommendations of the President's Advisory Committee on Water Resources Policy.

H. THE DEPARTMENT OF AGRICULTURE

1. The New Delhi World Agriculture Fair

(7/17/59, CI - 59-61, RA - 59-136, Item 3)

Cabinet action completed.

The President's comments were considered in final preparations for the New Delhi Agriculture Fair. The President visited the exhibit during his tour of India in December 1959.

2. Additives in Poultry

(12/11/59, RA - 59-143, Item 7d)

Cabinet action completed.

As summed up in a press release of the Department of Agriculture of May 4, 1960, the Department purchased approximately 12 million pounds of caponettes which had been treated with diethylstilbestrol. The Department is processing these 12 million pounds to a canned boned product from which all skins, livers and kidneys (the only contaminated parts) are being removed and destroyed, and only the white and dark meat portions of the bird canned. This procedure, which is concurred in by the Secretary of Health, Education, and Welfare, will provide a food product suitable for general consumer use. The product will be offered to States for distribution to welfare institutions eligible to receive donated commodities. In their public statements of record, both Departments have treated this subject in a way carefully calculated to preserve consumer confidence in the wholesomeness of America's food supply.

3. Chemicals in Food

(1/22/60, CP - 60 - 105, RA - 60 - 146, Item 2 (a, b, d, f, g))

** a. The following actions have been taken to implement the approved recommendations of Cabinet paper 60-105:

A.* With respect to enforcement, the Agricultural Research Service requested $100 thousand dollars of additional funds in fiscal 1961 over fiscal 1960, and the Congress granted it $75 thousand dollars. The Food and Drug Administration's budget for enforcement for FY 1961 is $16.8 million as compared to $13.8 million in fiscal 1960. Pertinent FDA citations rose from 193 in FY 1959 to 233 in FY 1960; FDA seizures rose from 25 to 36.

B.* With respect to research, the Agricultural Research Service is particularly concentrating its attention on finding new and improved uses for existing chemicals and poisons, e.g. by mixing insect attractants in order to diminish the amounts of the poison or to lessen its direct use on crops.

C.* (1) With respect to Federal-State-Local liaison, both FDA and Agriculture are increasing and emphasizing this aspect of their activities, especially the participation of Federal officials in meetings of State and local groups, such as with the State Commissioners of Agriculture in national and regional meetings. FDA has increased from 1 to 5 the officers on its headquarters staff who are specifically available to travel throughout the country and meet with groups of State and local officials.

C.* (2) With respect to federal-commercial liaison, both FDA and Agricultural officials meet frequently with local, regional and national conferences of growers and processors and marketers -- e.g. cattlemen, dairymen, sheepmen -- and there is a constant flow of correspondence and consultation between Washington and these interested associations.

C.* (3) With respect to interdepartmental liaison, in addition to direct contacts between ARS and FDA operating officers, consideration is now being given to the exchange of comprehensive, factual memoranda on the operations and problems of the two services, possibly to be followed by a more formalized committee coordination where appropriate.

D.* With respect to new legislation, in spite of Administration testimony, Congress included the Delaney Amendment proviso in the new Color Additives Act.

** b. With respect to labelings: Both manufacturers and users of economic poisons are being told emphatically and repeatedly by both FDA and ARS that the labels on these products must be accurate and then must be followed literally. The registrations of older labels are being reviewed as promptly as facilities and staff permit. The chief problem is with multi-use poisons, where a considerable amount of what to the layman and the home gardener would appear to be technical information has to be included on one small label.

** c. With respect to the packaging industry: There has been extensive consultation with various parts of the industry and many extensions have been granted. Secretary Flemming has testified that if, by next February, it appears that renewed authority to grant extensions will be needed, HEW will request this authority.

** d. With respect to pin-pointing offenders: This has been the constant objective in both agencies, complicated only by the practice, as in cranberries, of the products of individual growers losing their identity in the comingling at the processors.

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* Corresponding to format of Cabinet Paper 60-105, 1/22/60

** Follows the paragraphing of RA-60-146, Item 2

** e. With respect to the prosecution of deliberate offenders; the U.S. Attorneys in the two localities in question have declined to prosecute the cases considered by FDA as flagrant. HEW is gathering additional documentary material and will discuss both cases with the Department of Justice.

I. THE DEPARTMENT OF COMMERCE

1. Financing the Highway Program

(7/31/59, RA - 59-137, Item b)

Since August, 1959, when the President reaffirmed that his policy for financing the highway program is to follow the "pay-as-you-go" principle, the Department of Commerce has taken the following steps to implement this decision:

a) Supported legislation to increase gasoline tax by 1-1/2 cents per gallon. (Congress authorized only one cent, plus diversion of certain excise taxes.)

b) Reduced the 1961 apportionment to the States for the Interstate program in order to stay within anticipated revenues to the Trust Fund.

c) Established a plan to time reimbursements to the States so that the Trust Fund would remain in balance. This plan was also designed to assure repayment of an advance which was approved for 1960 in order to balance out the monthly flow of revenues and expenditures within the fiscal year. A similar advance was requested and approved for fiscal 1961.

d) Supported a new recommendation to the Congress for increase of 1/2 cent in the gasoline tax and repeal of the diversion of excise taxes enacted in 1959.

e) Proposed a reduction from $925 million to $900 million in the ABC authorizations for 1962 and 1963 to reduce the load on the Trust Fund and keep this program more in balance with the Interstate program.

f) Announced on June 27, 1960 the intention to apportion for fiscal 1962 the full authorization of $2.2 billion for the Interstate program. It is contemplated that reimbursement planning will continue in fiscal year 1961 with provision for some acceleration of obligations by the States. The "pay-as-you-go" principle will be maintained, however, in accordance with the President's policy.

2. Improving Interdepartmental Coordination of the Area Assistance Program

(11/6/59, CP - 59-101, RA - 59-140, Item 5)

The Interdepartmental Committee to Coordinate Federal Urban Area Assistance Programs, since its organization in the latter part of 1959, has improved coordination among Federal agencies engaged in procurement, construction, research and other contract activities and has enhanced the cooperation between these Federal agencies and state and local governments, private individuals and organizations, so that the placement of Federal contracts may be more readily achieved and may more directly assist areas with substantial and persistent unemployment. Information on available Federal programs of assistance to labor surplus areas has been provided to the interested public and to members of Congress. Special surveys and analyses have been made and consultations held at the request of members of Congress to attempt to alleviate specific unemployment situations in their areas. Existing and pending Federal activities have been reviewed and reprogrammed to provide more immediate assistance to certain persistent labor surplus areas. A periodic reporting system has been inaugurated to help in programming Federal activities for labor surplus areas, and a pilot project to facilitate the placement of more Federal contracts in such areas is being developed.

3. Federal Transportation Policy and Program

(1/22/60, RA - 60-146, Item 6)

On February 9, following preliminary review of agency comments, the Secretary of Commerce and the Under Secretary for Transportation agreed to some changes at the White House, and on February 12 additional changes were agreed to by staff members of Commerce, Budget Bureau and the White House. On March 4 the final draft went to the Government Printing Office, and on March 9 the President's transmittal letter was added.

On March 14 the study was sent to Congress. There was no White House press release, but Mr. Hagerty had copies of the report available at a press conference. The Secretary of Commerce issued a one-page press release, followed by a technical press conference given by the Under Secretary for Transportation.

The President's March 14 letter of transmittal to the Congress stated "I have transmitted copies of the report to the interested Executive Agencies, in order that the Secretary's recommendations may be carefully considered with a view to developing appropriate administration legislative proposals and Executive Branch actions."

The Bureau of the Budget has circulated the Report to the interested agencies with a request for detailed comments. All but a few have been received; the next stage will be the development by the Bureau of a comprehensive analysis of these comments in the form of a discussion paper on the major issues raised.

J. THE DEPARTMENT OF LABOR

1. Problems in Steel

(11/11/59, RA - 59-141, Item 3(b))

Cabinet action completed.

The President had implied his sympathy with this proposal in remarks made during his press conference of October 22, 1959.

2. Certain Long-Term Labor Management Problems

(CI - 58-7/7, Item J-1)

The Secretary of Labor is continuing to give close attention to this problem.

3. Restrictions on the Employment of State and Local Conflict Labor in the Performance of Federal Contracts

(CI - 59-7/7, Section E-2)

The Department of Labor has undertaken inter-departmental consultations concerning this matter and also consultations with labor organizations which have a strong interest. The inter-departmental consultations have served to narrow the areas of need for revision and to clarify those modifications of the present Executive Order which might meet with general approval. These consultations are continuing.

K. THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

1. Fund-Raising Within the Federal Establishment -- Review of Procedures with Respect to Privacy of Donations

(8/7/59, RA - 59-138, Item 1)

Cabinet action completed.

A directive implementing the approved recommendations was issued to the Departments on the date of the Cabinet meeting -- August 7, 1959. The system is reported to have worked quite satisfactorily -- with the approbation of all concerned, including the recipient organizations.

2. Plans for the National Cultural Center

(11/11/59, CI - 59-63, RA - 59-141, Item 5)

Cabinet action completed.

Fund-raising efforts for the Center are being seriously impeded by lack of Congressional action on vital legislation relating to land acquisition for the Center. Administration-cleared legislative proposals are now bottled up at the Public Works Committees of both Houses.

3. Additives in Poultry

(12/11/59, RA - 59-143, Item 7c)

See Section H-2 above.

Cabinet action completed.

On May 13, 1960, Secretary Flemming presented legislation to the House Committee on Interstate Foreign Commerce which would accomplish the recommendations he cited at the Cabinet. The Committee has not acted on these proposals.

4. Federal Funds to States and Localities Where Discrimination Is Involved

(12/18/59, RA - 59-44, Item 2d)

Reports are being received from all agencies concerned in the Executive Branch. These reports will be consolidated in the near future into a report for Cabinet consideration.

5. Chemicals in Food

(1/22/60, CB - 60-105, RA - 60-146, Item 2. a, c, d, e, f, g)

See Section H-3 above.

6. Legislation With Respect to Juvenile Delinquency

(1/22/60, RA - 60-146, Item B)

Cabinet action completed.

On February 23, 1960, in response to the request of the House and Senate Appropriations Committees, the Secretary transmitted a report of the Children's Bureau and of the National Institute of Mental Health, calling attention to the need for increased research, field studies, and demonstration projects in the prevention and treatment of juvenile delinquency.

7. The Problem of Air Pollution

(4/8/60, CI - 60-70, RA - 60-151, Item 2)

Public Law 86-493, passed and signed this session, has authorized a two-year program of intensified research by the Public Health Service on health effects from auto exhausts. The results of this research are to be reported to the Congress in two years. An appropriation to carry out this research has been added as an amendment to the HEW appropriations bill -- which is still pending before the Congress.

S.3106, the Administration bill on the air pollution program was amended and passed by the Senate, but has had no House action yet.

8. Report of the Federal Radiation Council: Radiation Protection Guidance for Federal Agencies

(5/12/60, CP - 60-109, RA - 60-153, Item 4)

The report was revised, approved by the President, circulated to the Cabinet as CP - 60-109/1, published in the Federal Register on May 18, 1960, and transmitted to the joint Commitee on Atomic Energy. The background document was made available on May 19, 1960. The report was discussed at public hearings of the joint Committee on Atomic Energy on May 25th and June 3, 1960.

The Council is now preparing a study of the conformance of agency operating criteria or regulations with the Council's published guidance. It is also working on a second report on the subject of internal emitters.

9. Coordination of Federal Activities for the Aging

(CI - 59-7/7, Section K-4)

The major project of the Council has been the plans for the White House Conference on aging, to be held in Washington, January 9-12, 1961. There will be 1,747 delegates from the States and Territories (State participation being aided by $759,200 in federal grants for this purpose), 660 from national voluntary organizations and 393 additional special delegates, plus guests and observers. Results of State Aging Conferences will be integrated into 20 Working Papers which will be discussed in Working Groups and then in Sections at the White House Conference.

10. (In Secretary Flemming's capacity as Chairman of the President's Advisory Committee on Government Organization): Office of Executive Management

(CI - 59-7/7, Section K-5)

Pending.

L. BUREAU OF THE BUDGET

1. Guidelines for the FY 1961 Budget

(6/22/59, RA - 59-135, Item 3)

Cabinet action completed.

The guidelines indicated were used in the development of the FY 1961 Budget transmitted to the Congress on January 18, 1960.

2. The Joint Program to Approve Accounting in the Federal Government

(7/31/59, RA - 59-137, Item 4)

The Director of the Bureau of the Budget has sent a communication to each Department Head indicating the problem areas to which special attention should be given.

The Bureau of the Budget, the Department of the Treasury, and the GAO are collaborating with the individual agencies in this continuing program to improve financial management practices.

3. Holding the Line on Personnel in FY 1960

(9/11/59, RA - 59-139, Item 4a)

Cabinet action completed.

On September 21, 1959, letters were sent to each major agency indicating the President's desire to hold personnel totals in FY 1960 at least 2% below the level which could be financed under available appropriations. Reports received from these agencies in October 1959 indicated plans to hold employment 1.2% below the level which could be financed. However, year-end Civil Service Commission reports of June 30 indicate that agencies are actually holding employment 2.3% below the level which could be financed. (See also Sections 6 and 9 below.)

4. Report on Congressional Budgetary Action

(9/11/59, RA - 59-139, Item 4c)

Cabinet action completed.

A final report of congressional budgetary action (86th Congress, 1st Session) was released by the White House on September 23, 1959.

5. The FY 1960 Budget -- Progress and Prospects

(11/6/59, RA - 59-140, Item 2)

Cabinet action completed.

The President transmitted to Congress on January 18, 1960 the budget for FY 1961 with surpluses indicated for FY 1960 and FY 1961 in the amounts of $217 million and $4,184 million respectively.

6. Support of the President's Budget

(1/22/60, CP - 58-44/1, RA - 60-146, Item 3)

Cabinet action completed.

These policies were applied in the submission and review of supplementals for FY 1960 and FY 1961.

In accordance with the stated policies, expenditures and personnel levels for FY 1960 have been kept under constant review. (See Sections 7 and 9 below.)

7. FY 1960 Expenditures and Personnel Levels

(2/26/60, RA - 60-147, Item 1)

Cabinet action completed.

Discussions were held with appropriate officers of selected agencies. In FY 1960 expenditures are being kept within "programmed bounds" with few exceptions and employment on June 30, 1960 was 2.3% below what could have been financed from appropriations.

8. Expediting Agency Reports on Legislation

(3/25/60, RA - 60-150, Item 4)

Cabinet action completed.

General satisfaction with current arrangements has been informally expressed by the congressional leadership.

9. FY 1960 Expenditures and Personnel

(4/29/60, RA - 60-152, Item 2)

Cabinet action completed.

Sub-paragraphs (a) and (b) embodied a directive to agency heads. The over-all civilian personnel levels for FY 1960 as compared with the previous year are as follows:

June 30, 1959	2,355,027	(excluding census
June 30, 1960	2,355,252	enumerators)
	+ 225	

The suggestion in sub-paragraph (c) has been implemented.

10. Guidelines for the FY 1962 Budget

(6/3/60, RA - 60-155, Item 1)

The guidelines are being used by the Bureau of the Budget in examination of preliminary agency estimates for FY 1962 and in discussions on those estimates between agency heads and the Director of the Bureau of the Budget. The guidelines will continue to be applied throughout the development and review this fall of the President's FY 1962 Budget.

11. Government Competition with Business

(CI - 59-7/7, Section L-1)

Implementation of the latest approved paper on this subject is proceeding as specified.

Bureau of the Budget Bulletin No. 60-2 was issued to carry out the approved recommendations. Civilian agencies completed the evaluations of their commercial-industrial activities. Of the 18,903 existing installations evaluated, the agencies discontinued or planned to discontinue 1,632. During the period from January 1, 1957 to July 31, 1959, 236 new installations were established. The agencies reported the following compelling reasons for continuing the 17,507 remaining installations and new starts:

National security -- 216 installations
Higher costs -- 133 installations
Clear Unfeasibility
    Basic mission -- 1,266 installations
    Unavailable commercially -- 9,727 installations
    Administratively impractical -- 6,165 installations

The review of the civilian agencies' reports by the Bureau of the Budget is continuing. In accordance with approved Recommendation E, special administrative arrangements were made with the DOD to extend its evaluation schedule through March 1961.

Special studies of MATS, the Panama Line, and TVA construction were completed. The AEC has developed a program for evaluating its major activities. Other priority activities to which approved Recommendation D applied (MSTS, maintenance of aircraft, ships and vehicles and FAA administrative aircraft) are presently being studied or are programmed for intensive examination by the agencies.

12. Charges for Certain Government Services

(CI - 59-7/7, Item L-2)

Bureau of the Budget Circular No. A-25, User Charges, was issued September 23, 1959. It sets forth the policies approved in CP 59-49/4, instructions and guidelines for implementation of these policies, assigns responsibility for implementation to the individual agencies, and requires annual agency progress reports. The Bureau of the Budget has responsibility for overall coordination of the program. A report of progress made during FY 1959 was issued in May 1960, based on the first annual agency reports.

The progress report noted that in those cases in which full implementation of the program requires only administrative action by the executive agencies, appreciable progress is being made. In the past fiscal year, action has been taken in some 85 cases to impose charges or increase charges to be more nearly commensurate with cost, or, in the case of property, with value to the recipient. In the case of situations in which full recovery of cost or fair market value is restricted or limited by law, legislative action has been requested from the Congress. Ten such proposals are presently pending.

The following table indicates the growth in revenues deposited in miscellaneous receipts of the Treasury in recent years from fees and charges for certain user charges activities: (excludes taxes, charges for postal services, and such other sources of revenues as sale of property and highway fuel taxes)

Year (Fiscal)	Sale of Products	Rents and Royalties	Permit and License Fees	Miscellaneous Fees and Charges	Total
		(Millions of Dollars)			
1952	100.6	103.8	34.8	48.1	287.3
1954	108.6	141.5	45.0	29.8	324.9
1956	170.3	150.6	48.9	35.6	405.4
1958	145.3	172.8	52.8	41.1	412.0
1959	171.5	181.3	53.6	33.4	439.8

13. The Program for the Disposal of Surplus Federal Real Property

(CI - 59-7/7, Section L-3)

A tentative report has been developed of those excess and surplus real property transactions processed by the General Services Administration and by agencies under delegations of authority from the GSA. Work is proceeding on the refinement and expansion of this report so as more accurately to reflect Government-wide progress in the disposal of unneeded Federally-owned real property. In order to present a complete picture to the Cabinet it will be necessary to examine the real property management practices in selected agencies. A progress report to the Cabinet can be made when this work is completed, which should be not later than September 1960.

14. Impact of Supreme Court Decisions Affecting Federal Immunity from State and Local Taxation

(CI- 59-7/7, Section L-10)

Cabinet action completed.

Approved Cabinet Paper 59-96 was issued on May 22, 1959. Implementation since that date has been as follows:

In his Budget Message for 1961, the President publicly coupled this problem with that of payments in lieu of taxes and suggested that it was a matter for attention in both the legislative and executive branches. During this session of the Congress, the Senate passed legislation dealing only with payments in lieu of taxes. That measure is now pending before the House; representatives of the Bureau of the Budget and affected agencies have testified and a specific provision has been proposed to provide partial immunity from the effects of the Supreme Court tax decisions. Such legislation, if enacted with suggested amendments, would be in accord with the Cabinet action of May 22, 1959.

M. OFFICE OF CIVIL AND DEFENSE MOBILIZATION

1. Phase IV of Operation Alert 1959

(7/31/59, RA - 59-137, Item 2)

Cabinet action completed.

The familiarization test of the OCDM Classified Location was successfully conducted as proposed.

2. Funding of the Delegate Agencies' Civil Defense and Defense Mobilization Functions

(7/31/59, CI - 57-50, RA - 59-137, Item 3)

Following the recommended action, Congress appropriated $6,250,000 of a $12,000,000 request. Expenditures have been at a going rate of approximately $7.5 million by the end of fiscal year 1960. Against this rate both Houses of Congress approved $6,250,000 for fiscal year 1961 which is a reduction of about 16 percent.

3. Regional Boundaries

(7/31/59, RA - 59-137, Item A; CI - 59-7/7, Section M-2)

Cabinet action completed.

In the cases of Labor and HEW, modifications were made as follows: Labor Department has the capability to perform civil defense and defense mobilization functions in conformance with the eight-region pattern. The HEW emergency program is outlined in a jointly-released memorandum of May 26, 1960, by the Secretary of HEW and the Director of OCDM, entitled "Policy Guidance Concerning Principles of Organization and Operation to Conduct Emergency Health and Welfare Functions in the Event of an Enemy Attack."

4. Policies With Respect to Stockpiling

(9/11/59, CP - 59-78/2 revised, RA - 59-139, Item 2)

Approved Cabinet Paper CP - 59-78/3 was circulated on September 30, 1959.

Revision of Defense Mobilization Order V-7 was issued on December 10, 1959, to implement the recommendations in the September 10, 1959 Cabinet Paper. This revised Order superseded DMO V-3 which dealt with surplus materials acquired under the Defense Production Act and the previous DMO V-7 which prescribed general policies for strategic and critical materials stockpiling.

Specific actions taken on the six recommendations of the Cabinet Paper are as follows:

Determination of Stockpile Objectives

All reviews of stockpile objectives have been in accordance with the new policy. Interdepartmental reviews have been completed and official action has been taken by OCDM on 40 objectives since September 10, 1959. Reviews have been completed on an additional five materials and OCDM action on the objectives is now pending.

Disposal of Excesses

Disposal has been authorized by OCDM for 41 materials in the strategic stockpile and DPA inventories since the Cabinet Action of September 10, 1959. Thirteen of these require specific approval by Congress, which approval has not been obtained. Congress, however, enacted disposal legislation on four items previously authorized for disposal by OCDM, including natural rubber which is of major importance. Disposals since the September 10 date have amounted to about $70 million.

New Legislation

A draft bill providing for comprehensive revision of stockpile legislation has been circulated to agencies but final clearance has not been obtained. Submission early in the next session of Congress is contemplated.

Barter for Strategic Materials

Action on barter for strategic materials has been taken through the Supplemental Stockpile Advisory Committee for barter of the Department of Agriculture. Preference has been given to procurement of the materials by barter when domestic procurement is not necessary to maintain the domestic mobilization base.

Government Use of Excess Materials

Agencies which use significant quantities of strategic materials have been notified of the Order and GSA has issued Defense Materials Regulation 2 to require use of the materials when agencies can meet their needs directly from the surplus inventories.

Cancellation of Commitments

This is a continuation, with some liberalization, of the cancellation policy previously in effect. Cancellations have amounted to about $367 million since July 1, 1958, and to about $50 million since September 10, 1959. Efforts to cancel contracts are being continued but savings diminish as contracts offering possibilities are eliminated.

5. Status of Shelter Measures

(11/6/59, RA - 59-140, Item 3)

The National Shelter Program has been developed materially during a fiscal year 1960. The Prototype Program for which $2,500,000 was appropriated will have this total amount obligated or earmarked on July 1, 1960. This involves the construction of 152 shelters throughout the nation --

100 family-type and 52 small and large group shelters. The Shelter Survey program, with $500,000 appropriated, has now underway surveys in New York City, Los Angeles, California, Tallahassee, Florida and the State of Delaware. Much progress has been made in technical promotion with trade associations, architects, engineers, construction and building groups and private industry through work-shop meetings and conferences. A grant for the establishment of curricula in colleges of architecture and engineering has been made to Pennsylvania State College with three more under negotiation. There has been very little activity in the construction of fallout shelter in new federal buildings and none at all in existing federal buildings due to fiscal limitations set by the Congress. The Shelter Program has had a much increased measure of public interest and acceptance during the past year.

6. Guide for Civil Defense Action in the Washington Warning Area

(11/6/59, RA - 59-140, Item 4)

Cabinet action completed.

This booklet was given house-to-house distribution in the Washington Warning Area by the Post Office Department and 214,000 were distributed to Federal employees at their offices.

7. Financial Policy for Postattack Operations

(9/11/59, CP - 59-100, RA - 59-139, Item 3; 1/22/60, CP - 60-100/1, RA - 60-146, Item 1)

Following the approval of its Report, the Committee was dissolved, but further assignments were made as follows:

(a) The Treasury Department was delegated responsibility for the possible administration of the approved emergency financial program and was asked to prepare the required standby emergency regulations and to issue the necessary sub-delegations of emergency authority to other financial agencies. Part of this work has been completed and the balance is in process.

(b) An interagency committee, chaired by OCDM, has been organized to develop the details of a program for carrying out the approved policy for the sharing of war damage losses. The committee has reached agreement on two-thirds of the work to be done and plans to an interim report to the Director of OCDM by August 15. Detailed plans are then to be developed by Treasury and Federal Reserve which, following OCDM and Bureau of the Budget review, are likely to be presented for Cabinet consideration in December.

8. The Survival Item Program: Medical Supplies

(3/25/60, CP - 60-106, RA - 60-150, Item 2)

Approved Cabinet Paper 60-106/1 was circulated on April 13, 1960.

Action taken on the four subsidiary investigations described on page 4 of CP - 60-106/1 is as follows:

1. OCDM has requested the Public Health Service to furnish a standard list of basic medical survival items which should be held by householders for use in an emergency situation. Upon completion of the list OCDM will use it as a basis for a project for stimulating individuals to provide for themselves during an emergency postattack period in accordance with the National Plan for Civil Defense and Defense Mobilization.

2. Work is under way to develop a program to increase manufacturers' and distributors' inventories. This project will also be addressed to the possibility of increasing existing Government non-stockpile inventories.

3. With reference to acquiring medical items through barter or foreign currencies under the provisions of Public Law 480, the OCDM "Interagency Committee on the Use of Public Law 480 for Acquiring Survial Items" renewed its activity as indicated below and will report its findings by September 1, 1960. The Committee:

(a) Reexamined the medical survival item list to ascertain which items can be considered for PL 480 acquisition;

(b) Made an initial review of items in the 200-bed hospital package to ascertain whether any of these items can be acquired by use of PL 480;

(c) Initiated field review of items which appear feasible for foreign acquisition; and

(d) Developed a program for foreign acquisitions using PL 480 and correlated this program with proposed dollar purchases for inclusion in the next regular OCDM budget.

4. With reference to the conversion of production capacity not now engaged in production of survival items to production of survival items postattack, OCDM is approaching the problem through a joint BDSA-DOD survey in collaboration with HEW. The objective is to ascertain the capability of industry to convert postattack. Survey forms have been cleared within Government. A Fact Sheet will be developed for each medical survival item and will conclude with recommendations for dealing with the postattack deficiency of each item.

In order to maximize the protection which can be given to medical stockpiles, OCDM has requested HEW to provide estimates for hardening stockpile sites.

As suggested in paragraph (b) of Item 2, OCDM, after consultation with appropriate agencies, is running a test recalculation of the need for stockpiled items under less severe attack assumptions.

9. Preliminary Evaluation of Operation Alert 1960

(5/12/60, RA - 60-153, Item 3)

Cabinet action completed.

The Cabinet noted Director Hoegh's report, including his conclusion that at State and above all at local levels, means be found, including Federal stimulating pursuant to Public Law 85-606, to improve civil defense planning, readiness and staffing. Following Appropriations Committee Conference action, the Federal stimulation pursuant to PL 85-606 will amount to a new item of $6 million, approved to start on January 1, 1961.

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OK FBA GSA

10. The National Plan for Civil Defense and Defense Mobilization

(CI - 59-7/7, Section M (3)b)

Cabinet action completed.

All annexes (39 in all) have been prepared and all but two have been issued. Annex 5, Federal Delegations and Assignments, and Annex 27, Emergency Economic Stabilization are scheduled for distribution by September 1960.

(3)

By letter of Daniel J. Cronin to Daniel J. Reed: [8/5/75] "CI-60-7/8: Item M 11 should not be declassified. Continuing protection is essential to national security. Date for declassification cannot be predetermined. Citation: section 5 [B] [3], Executive Order 11652."

12. National Telecommunications Policy

OK. GS FPA

(CI - 59-7/7, Section M-6)

On March 8, 1960, the Director, OCDM, transmitted to the Director of the Bureau of the Budget a proposed Executive Order which would create the position of Adviser to the President on Radio Frequency Usage. The purpose of the Order is to create a new position in the White House Office, the incumbent of which will assist the President in the performance of the President's functions under the Communications Act of 1934, as amended, with respect to the utilization of the radio spectrum by the Federal Government. This matter is being reviewed in the Executive Office.

Strengthening of the OCDM Telecommunications Office by the addition of 21 persons, which was authorized by the Budget Bureau last year at the request of the Director, OCDM, has proceeded. Eleven of the 21 authorized have been hired thus far.

13. Implementation of the Report of the Cabinet Committee on Energy Supplies and Resources Policy

OK GSA FPA

(CI - 59-7/7, Item M-7)

Cabinet action completed.

This Committee has not met since June 1958. Most of its recommendations have been the subject of continuing attention and action on the part of the Departments and Agencies involved, the most notable example being the mandatory restrictions on oil importation administered by the Department of the Interior. In accordance with the wishes of the Secretary of the Interior, OCDM recently concluded that no action should be taken at this time to disestablish or otherwise change the status of the Committee.

14. Postattack Communication with the Surviving Population

(CI - 59-7/7, Section M (9)e)

This subject has been changed from solely a Presidential capability to "The Development of a Postattack Broadcast Capability for

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Nation-wide Governmental Communication with the Surviving Population." A draft Cabinet Paper on this subject is undergoing revision. -FPA

By letter of Daniel J. Cronin to Daniel J. Reed (8/5/75): "CI-60-7/8: Item [M] 15 should not be declassified. Continuing protection is essential to national security. Date for declassification cannot be predetermined. Citation: section 5 (B) (3), Executive Order 11652."

[redacted]

16. The Development of a Unified, Federal Civilian Communications System

(See Section U-2 below.)

OK GSA-FPA

N. THE UNITED STATES INFORMATION AGENCY

1. USIA and the Cabinet: Arrangements for Liaison

(CI - 59-7/7, Section N-1)

Since the last reporting period there has been little activity involving USIA under the specific procedures provided by the arrangements set forth in Cabinet Record of Action 57-65. However, in most cases, there has been generally satisfactory exchange of information and coordination with USIA by other agencies through regular liaison channels. USIA continues to have effective working relationships with most of the affected agencies, and particularly those which participate in the OCB.

O. COUNCIL OF ECONOMIC ADVISERS

1. Analysis to be circulated

(3/4/60, RA 60-148, Item 1-c)

Completed.

2. Long-term anti-inflationary measures with respect to costs: establishment of the Committee on Government Activities Affecting Prices and Costs

(CI - 59-7/7, Section O-2)

During the last reporting period, this Committee has met less frequently.

P. THE ATOMIC ENERGY COMMISSION

1. Project PLOWSHARE

(4/29/60, RA - 60-152, Item 3)

There have been no significant modifications of the concepts, projects, or schedules outlined in the briefing presented to the Cabinet on April 29, 1960. The first nuclear detonation in this program, currently

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scheduled for the latter part of FY 1961, will be the one required for Project GNOME in the Salado salt beds near Carlsbad, New Mexico. In view of the Geneva negotiations on a nuclear weapons test-ban, the detonation will not take place, of course, without specific prior Presidential approval.

2. Exchanges and Cooperative Research Institutes

(11/6/59, RA 59-140, Item 1-c)

A better picture of the likelihood of these activities will become evident following the meeting of the International Atomic Energy Agency scheduled for Geneva from September 15 to October 1, 1960.

Q. THE CENTRAL INTELLIGENCE AGENCY

1. Soviet Manpower -- 1960-1970

(2/26/60, RA 60-147, Item 2-b; 5/12/60, RA 60-153, Item 2)

Assignments completed.

R. FEDERAL AVIATION AGENCY

1. Illegal Flights Over Cuba

(2/26/60, RA 60-147, Item 4)

In cooperation with all Government agencies concerned, the Federal Aviation Agency established in March a procedure wherein information could be reported to and exchanged through a "Flight Information Center" manned by the Immigration and Naturalization Service in Miami, utilizing Federal Aviation Agency communications. All flight plans, excluding scheduled air carriers, filed into or over Cuba are forwarded through FAA communications to this Center. The Center, functioning as a clearing house, has information immediately available on over 100,000 persons identified with Cuban activities.

The aviation public has been advised through the media of aviation trade publications and press releases of:

a. Applicable laws and rules, and the seriousness of violation thereof;

b. Persons who have been served "Notice of Prevention of Departure" by the Immigration and Naturalization Service (published in the Airman's Guide).

Wide publicity was given to the Bureau of Customs' offer of $5,000.00 reward for information leading to seizure of arms or munitions being illegally flown from the United States or persons engaged therein. A special FAS regulation was put into effect November 4, 1959, which requires the filing of a flight plan for all flights made into or over Cuba. The Department of Defense at the request of the Department of State temporarily stopped sale of surplus aircraft because many were coming into possession of anti-Castro personnel. Since March 1, two attempts, with the knowledge of the Cuban government, have been made to smuggle aliens out of Cuba in aircraft flown from the United States.

Through the cooperation of the Departments of Justice and State and the Bureau of Customs, the procedures implemented to date provide the greatest amount of control of the situation short of prevention of all flights to or over Cuba.

S. CIVIL RIGHTS COMMISSION

1. Cooperation with the Commission

(CI - 59-7/7, Section R-1)

Since the previous report, the Congress has extended the life of the Commission on Civil Rights for an Additional two years, ending November 9, 1961. The Commission has continued its studies in the areas of voting, education, and housing, and has undertaken additional surveys in the fields of "administration of justice" and "equal opportunity in public employment". Requests for information in these new study areas have resulted in assurance of further cooperation by the departments and agencies concerned, including specifically the Departments of Justice, Labor, HEW, the Bureau of Public Roads, the Committees on Government Contracts and Government Employment Policy, and the Federal Aviation Agency.

T. CIVIL SERVICE COMMISSION

1. Use of Personnel Resources

(6/3/60, RA 60-155, Item 1-k & 1)

The subject of constant study, effort and reminder, within the Commission and with all the agencies of government. A special Cabinet presentation may be arranged covering these points.

U. GENERAL SERVICES ADMINISTRATION

1. Removal of Papers by Retiring Department and Agency Heads

(7/17/59; CP - 59-58/3; RA - 59-136, Item 1; CI - 59-7/7, Section B-3)

The departments and principal independent agencies are utilizing the standards and recommendations expressed in approved Cabinet Paper 59-58/4. Several departments have issued internal instructions based on the Cabinet Paper. In two instances, the Archivist of the United States has been consulted as to proper action. In addition to the arrangements respecting the personal papers of John Foster Dulles covering his service as Secretary of State, several other agency heads have made commitments to donate their pertinent papers to the Eisenhower Library, including Christian Herter, General Walter Bedell Smith, Admiral Lewis Strauss, Marian Folsom, George Humphrey, and James Mitchell.

2. Plan for a Federal Civil Agencies Communications System

(11/27/59, CP - 59-91/2, RA - 59-142, Item 3; CI - 59-7/7, Section M (9)h)

Pursuant to subparagraph a(iii) of the approved Record of Action, the Administrator of General Services developed a further, precise study and transmitted this to the President on June 24, 1960. Action on it has been referred to the Executive Office; a meeting to discuss next steps may be arranged shortly among the principals directly involved.

3. Plans for Ellis Island

(12/11/59; RA - 59-143, Item 3)

The Department of Health, Education, and Welfare has been in touch with various groups which had expressed interest in the property for educational and historical purposes. HEW believes that disposal for an educational purpose with a public benefit allowance can be worked out but only if the government announces in advance that the purchaser will be able to resell portions of the property for commercial purposes. (The government would receive from the proceeds of any such resales the amount of the appraised fair market value of such property; any amount in excess thereof would be applied in furtherance of the approved educational program.) This proposal is now under consideration within GSA. A meeting of all interested groups in New York City has just been held; the interested groups are given a period within which to file proposals. Should an acceptable proposal be received, availability of the property would be assured for a period of 120 days to enable the applicant to perfect his financial plans.

GSA conferred with the Department of Justice on jurisdictional questions and was advised in April that because of diverse conclusions reached by the Courts of New York and New Jersey in construing the 1833 boundary compact between those states, considerable doubt existed over which state has sovereignty over Ellis Island. The Department advised that no useful purpose would be served by its rendering an opinion on the matter since it would have no determinative effect as to the claims of either state.

The Department further advised that no practical purpose would be achieved by a suit to determine the sovereignty of Ellis Island in view of the possibility that different parts of the Island are subject to different state sovereignty. The Department concluded that since the interests of prospective purchasers of Ellis Island is apparently dependent upon a determination that the Island lies entirely in one state or the other, a compact between the two states is the only means of assuring a fully satisfactory result.

GSA thereafter made arrangements through the Council of State Governments to discuss the possibility of an interstate compact. A meeting with the Chairmen of the Committees on Interstate Cooperation of New York and New Jersey was set for August 8, 1960.

4. Problems of Federal Office Space

(CI - 59-7/7; Section S-1)

With respect to the general problem, certain further Presidential action is under consideration.

With respect to subparagraph 4(c) of RA - 59-133, this project has been added to Stage 2, but its future will be subject to the action taken on S 3524 and HR 12148, urged again by the President in his Message of May 3, 1960.

V. THE WHITE HOUSE

1. The Deputy Assistant to the President (Interdepartmental Affairs)

a. Coordination of 1960 Speech Acceptances

(12/18/59, RA 59-144, Item 3(b); 3/4/60, RA 60-148, Item 1(a))

The coordinator designated is the Honorable Robert Merriam, assisted by Mr. Douglas Price.

2. The Deputy Assistant to the President (Congressional Relations)

a. Congressional Support for Administration Appropriations Testimony

(1/22/60, RA 60-146, Item A(1))

Action completed.

b. US vs. USSR Defense Programs

(3/4/60, RA 60-148, Item 1(d))

Completed.

3. The Special Assistant for Science and Technology

a. Oceanography

(7/31/59, RA 59-137, Item 1; 3/11/60, RA 60-149, Item 4)

Cabinet action completed.

Under the coordination of the Federal Council for Science and Technology, the various agencies are moving ahead with their respective contributions to an integrated program of oceanographic research and operations. In addition to special bilateral arrangements with the United Kingdom, England and Japan are also among the several interanational partners with whom the United States is joining in a comprehensive long-range oceanographic survey of the Indian Ocean, announced on June 13, 1960 by the White House.

4. The Special Assistant to the President for Public Works Planning

a. Intermediate and Long-range Actions in the Drought Area

(CI - 59-7/7, Section U(2)a)

There has been no basic change in the status of this study as reported in CI 59-7/7 dated June 30, 1959.

The discussions with Congressional representatives were completed. The results of these and earlier discussions with the Federal agencies and with local officials indicated general public acceptance of the proposal and willingness to cooperate. However, the Federal agencies thought their plans sufficient, and some Congressmen considered that actions by the Congress were meeting the most urgent problems.

On May 23, 1960, the Coordinator for Public Works Planning submitted a report to the President concluding that while there was no strong present interest in the study, in view of the importance of providing a permanent solution to the recurring drought threat, work should continue toward perfecting the principles of the study and the techniques to carry it out.

b. Establishment of a President's Committee on Water Rights and Use

(See Section U(2)b of CI - 59-7/7)

There has been no basic change in the status of the Water Rights Study as reported in CI 59-7/7 dated June 30, 1959.

On March 1, 1960, the House Committee on Interior and Insular Affairs released a detailed report (Committee Print No. 19, 86th Congress, 2d Session) on FEDERAL WATER RIGHTS LEGISLATION. The report deplored the lack of any systematic survey or even of a good collection of concrete examples where exercise of Federal powers has interfered with State administration of water resources or, on the other hand, the extent to which a requirement that Federal administrators follow State water laws would hamper or prevent them from carrying out the jobs that Congress had given them to do. The Committee report also contained a draft water rights bill which went entirely too far in the direction of diluting Federal constitutional rights, and to which the Executive Branch raised objection.

No action has been taken by the Congress on any of the many pending bills.

c. Public Works Stabilization Plans

(CI - 59-7/7, Section U(2)c)

There has been no major change in the status of this item since CI - 59-7/7 of June 30, 1959.

Review and updating of plans with their attendant legislative proposals has continued.

Another bill containing some of the features of the proposed standby Public Works acceleration legislation has recently been introduced in the Senate.

Administration sponsorship of limited standby authority for the President was again recommended, but no further progress has been made toward the introduction of legislation on this subject by the Administration.

5. The Administrative Assistant to the President (Dr. Moos)

a. The State of the Union Message

(1/6/60, RA - 60-145, Item 1)

Completed.

b. Special Message to the Congress

(4/29/60, RA - 60-152, Item 1)

Completed.

6. The Special Assistant to the President for Personnel Management

a. The Career Executive Program

(See Section U(1)a of CI - 59-7/7)

As part of its executive development program, the Civil Service Commission is working with the Special Assistant to the President and with the departments and agencies on effective executive development programs of their own, and specifically encouraging each agency to undertake a survey of the executive replacement and training problems which each one faces. One report has already been made on this subject and another will be due in October.

b. Territorial Allowances

CI - 59-7/7, Section U(1)d)

Acting under the authority delegated to it by the President, and the mandate to review allowances annually, the Civil Service Commission recently reduced the allowances in Hawaii and Puerto Rico. The allowance in Alaska still is under a 25 percent ceiling. The Commission is currently reviewing the methodology used in arriving at allowance calculations and will determine, between now and January, whether there should be further reductions or possibly elimination, of the allowances in Hawaii and Puerto Rico.

7. The Secretary to the Cabinet

a. Presidential Homecoming

(12/11/59, RA - 59-143, Item 8)

Completed.

b. Executive Sessions of the Cabinet

(3/11/60, RA - 60-149, Item A)

Being scheduled from time to time, pursuant to the President's suggestion.

W. GENERAL ASSIGNMENTS TO ALL CABINET DEPARTMENTS

1. Removal of Papers by Retiring Department and Agency Heads

(7/17/59, CP - 59-58/4; RA 59-136, Item 1)

The ten recommendations on pages 5 - 7 of approved Cabinet Paper 59-58/4 constitute continuing instructions to members of the Cabinet and agency heads -- instructions which, in fact, will be particularly pertinent in the next six months. (See Section U-1 above).

2. The President's Staff Notes -- Review of Agency Participation

(7/17/59, RA 59-136, Item 2b)

The following is a statement of agency performance from July 1959 through June 1960:

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AGENCY PERFORMANCE -- ITEMS SUBMITTED
JULY 1959 - JUNE 1960

AGENCY	ITEMS RECEIVED	NUMBER (in order of total submissions)
Defense	644	1
State	356	2
Commerce	147	3
USIA	95	4
Interior	35	5
NASA	85	6
AEC	69	7
ICA	65	8
Treasury	65	9
OCDM	60	10
Agriculture	49	11
HEW	42	12
GSA	40	13
Labor	40	14
VA	22	15
DLF	20	16
Budget	13	17
Justice	13	18
HHFA	10	19
FAA (from Jan '60)	6	20
Post Office	6	21
NSF	5	22
TOTAL	1937	
Previous Total (July '56 thru June '59)	6898	
4-YEAR TOTAL	8835	

Library

3. Discontinuance of Verbatim Transcripts of Committee Meetings

(7/17/59, RA 59-136, Item A)

Cabinet action completed.

On July 24, 1959, the Secretary to the Cabinet followed up this Record of Action with a specific memorandum to the Committee Management Officers reminding them of the President's decision and requesting evidence of implementation. Agency replies indicated satisfactory implementation.

4. Greetings for Distinguished Visitors

(9/11/59, RA 59-139, Item 1)

Completed.

CABINET PAPER

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5. Cabinet Officers' Presence in Washington During Budgetary and Legislative Program Discussions

(11/6/59, RA 59-140, Item A)

A continuing request.

6. Remarks on the Steel Situation

(12/11/59, RA 59-143, Item A)

Cabinet action completed.

7. Investigation of Crimes Involving Government Officers and Employees

(12/18/59, RA - 59-144, Item 1)

Cabinet action completed.

The responsibility of Heads of Departments and Agencies to report to the Attorney General under Public Law 725 (and pursuant to his memorandum of November 13, 1959) is a continuing one. Compliance has reportedly improved since the Cabinet discussion.

8. Budget Policies

(1/22/60, RA 60-146, Item 3)

See Section L-6 above.

9. Cabinet Speaking Arrangements

(1/22/60, RA 60-146, Item 5)

A continuing request, particularly over the next three months. See Section V - 1 above.

10. Review of the Transportation Policy Report

(1/22/60, RA - 60-146, Item 6)

Completed. (See Section I-3 above).

11. Congressional Liaison

(1/22/60, RA 60-146, Item A2)

A continuing assignment.

12. FY 1960 Expenditures and Personnel Levels

(2/26/60, RA 60-147, Item 1)

Completed. (See Section L-7 above).

13. Campaigns

(3/4/60, RA 60-148, Item 1 (b))

Completed.

14. The Commission on National Goals

(3/11/60, RA 60-149, Item 2(b) & (c))

A continuing request.

15. Recommendations for Action from the President's Committee on Government Employment Policy

(12/18/59, RA 59-144, Item 2(c); 3/25/60, CP 60-107, RA-60-150, Item 1)

The Committee reports as follows:

Without trying to catalogue all that has happened in all of the agencies, a number of activities have come to the attention of the Committee which indicate positive action as a result of the Cabinet Paper:

1. The Training Division of the Department of State has asked for full copies of the format of the suggested three-hour training course for use as a guide.

2. The Department of Commerce, in May, set up a seminar for its Deputy Employment Policy Officers, which was held one hour each week for three weeks. The leadership was provided by the Executive Director of this Committee.

3. The Treasury Department has reported that it is currently preparing a communication to all of its field offices to put the Paper's recommendations into effect.

4. The Secretary of the Interior has released a memorandum to the heads of the bureaus and offices of that Department, stressing the need for supervisory training, the circularization of the Committee's materials, and calling for periodic reports from those bureaus.

5. The Federal Aviation Agency recently presented a two-hour seminar on the policy for top level supervisors of its own bureaus.

The recommendation most important to implement, and perhaps most difficult, is on the program of training.

16. Expenditures and Personnel

(4/29/60, RA 60-152, Item 2 (a) & (b).)

See Section L-9 above.

17. Platform Arrangements

(5/12/60, RA 60-153, Item A)

Completed.

18. Summit Developments

(5/26/60, RA 60-154, Item 1(b)3)

A continuing request.

19. Guidelines for the FY 1962 Budget

(6/3/60, RA 60-155, Item 1)

A continuing request between now and January. (See Section L-10 above).

20. Other General Actions Assignments which Continue in Force:

(From Section V on pages 25-26 of CI - 59-7/7:)

Section V-2 (subparagraph c)

Section V-3

Section V-6

Section V-8

Section V-9

Robert Gray
Secretary to the Cabinet

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CA - 60-158

October 5, 1960

The White House

Washington

THE CABINET

Agenda

8:30 A.M., Friday, October 7, 1960

1.	Scientific Progress, The Universities and the Federal Government	CP - 60-70/1	The Special Assistant to the President for Science and Technology
2.	Report on the International Atomic Energy Agency	(Oral)	The Chairman, Atomic Energy Commission
3.	Evaluation of Developments at the United Nations	(Oral)	The Acting Secretary of State The United States Representative to the United Nations
4.	Report on Statements and Discussions Regarding the Economy Before the World Bank and the International Monetary Fund	(Oral)	The Secretary of the Treasury
5.	Department of Defense Consultations With Labor Leaders	(Oral)	The Secretary of Defense

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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E.O. 11652, Section 1

By DNC NLE, Date 8-12-76

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MINUTES OF CABINET MEETING

October 7, 1960

8:35 a.m. -- 10:10 a.m.

The following were present:

President Eisenhower

Mr. Douglas Dillon
  for Sec. Herter
Sec. Anderson
Sec. Gates
AG Rogers
PMG Summerfield
Mr. Elmer Bennett
  for Sec. Seaton
Mr. Marvin L. McLain
  for Sec. Benson
Sec. Mueller
Mr. James O'Connell
  for Sec. Mitchell
Sec. Flemming

Gov. Hoegh, OCDM
Mr. Stans, BoB
  Mr. Elmer Staats
Chairman McCone, AEC

Hon. James Wadsworth
Dr. Hugh Dryden, NASA
Dr. Alan Waterman, NSF
Dr. Glenn Seaborg, U. of Calif.

Gen. Persons
Mr. Robert Gray
Gen. Goodpaster
Mr. Merriam
Mr. Morgan
Mr. Kendall
Dr. Kistiakowsky
Mr. Randall
Col Eisenhower
Dr. Paarlberg
Mrs. Wheaton
Mr. Patterson
Mr. Lambie

(Just before this meeting of the Cabinet adjourned, the President said: "I must tell you that, coming into this meeting with Khrushchev on my mind, I did not ask for our usual moment of silent prayer. But this has been a custom in the Cabinet, and I should not like to see us give it up. So I ask you now to join me in a moment of silent prayer.")

The President stated that the presentation by Dr. Kistiakowsky and colleagues would be omitted and that we would go directly to item number two.

Report on the International Atomic Energy Agency - Mr. McCone reported as follows. The meeting of the International Atomic Energy Agency was more or less a side-show. There were more speakers than usual -- the Soviets ran in speakers from almost all the republics. But he did not think they convinced anybody. The Soviet intensively criticized the United States disarmament policy and proceedings and made a special point of criticism of our bilateral agreements. Our friends, however, repudiated the Soviet attack. Only 14 of 63-4 votes were for Red Chinese participation.

THE DIVISION OF CLASSIFICATION, U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, HAS DETERMINED THAT THIS DOCUMENT CONTAINS NO RESTRICTED DATA OR FORMERLY RESTRICTED DATA. ERDA HAS NO OBJECTION TO ITS DECLASSIFICATION.

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On the matter of safeguards, India and several others opposed us -- this in spite of the treaty obligation on safeguards.

The World Federation of Trade Unions was accredited as an observer. We won the vote, but India and others of the neutral bloc supported the WFTU. Our own free trade unions surprisingly said that they had no objection to this. Many of our friends, France and others, said that while they supported us openly, had there been a secret ballot they would have voted against us.

On the matter of whether West Germany should be on the board: they were elected but with not so large a vote as was Argentina and San Salvador.

The attendance by Molotov was an interesting situation. He was officially in a subordinate position, seemed to be about fourth in line. But his presence seemed to disturb the leader of the delegation; there was some thought that the latter might be removed. This would be too bad, as he is a useful man to deal with.

Molotov was carrying on with friends of his in the Austrian government.

Mr. McCone had some private talks with the leader of the Soviet delegation, and they agreed on two more meetings. They also agreed to an exchange of scientists. The exchange of information that especially interested the Russian was that concerning the disposal of wastes.

Our fast reactors conference is scheduled for next spring. But the Soviets stopped their fast reactor research after examining ours. They thought they could make no contribution to the art.

Mr. McCone was again invited to visit and travel in the Soviet Union. He also had a formal invitation from the Bulgarians, and the Poles were interested in his visiting their country and also in some sort of bilateral arrangements.

In sum, there was little of substance at this meeting. The Communists did all possible for propaganda, had 61 or 62 national representatives. Mr. McCone did not think they won any support, however. The budgets were approved, and it was agreed to continue the agency next year. Mr. McCone's recommendation to the State Department is that we do continue.

Mr. McCone then asked the President's indulgence to speak for a few minutes on a different subject and with the President's approval introduced the matter of the purchase of uranium from the Congo.

We have in the past contracted through a Belgian agency for Congo uranium. We bought about 1/4 million pounds of uranium, 3/4 of which was for the U.S. and 1/4 for Britain. No further purchases are planned. The mine in fact has largely played out. So far as we know there is no more uranium in the Belgian Congo. There is one deposit of 1500 tons of uranium oxide above ground, which is worth about $25 million. We are, of course, long on uranium -- that is, we have

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plenty of it. We are still taking some from South Africa in an agreement that runs through 1962.

The President asked if there were anything in our agreements to the effect that if we cannot get anywhere in these discussions we withdraw? Mr. McCone said he did not know and Mr. Wadsworth volunteered that so far as he knew, there is no such provision.

The President said it was his memory that there was some agreement that we take all plutonium.

Developments at the United Nations - Mr. Dillon told the President that Mr. Wadsworth would make this presentation and also a forecast. Accordingly, Amb. Wadsworth reported as follows.

In general, the news media have given a fairly accurate picture of what has been going on at the UN. But there have been some biased reporting by the New York Times and the Washington Post. This is too bad, because the delegates read the Times to determine, as they suppose, United States policy and government thinking. They forget that we have a free press.

The President's speech was very well received, many delegates feeling that it was the only speech that contained constructive suggestions.

When Khrushchev spoke, he "made a mess of himself". He attacked the structure of the United Nations and the Secretary General.

Amb. Wadsworth could find no real support for Khrushchev's attitudes. The delegates realize that he would destroy the UN, although Sukarno feels that its headquarters should be removed from the United States.

There was a mixed reaction to Khrushchev. Some feel that he has overplayed his hand, others that he has frightened some of the delegates -- not that he was rattling rockets, but simply by raising in people's minds the question of what would happen to the UN if the Soviet were to walk out? There was a good deal of talk about the effect on this and future meetings.

Castro's four-hour harangue was simply too much. He would have done well to cut it to two hours, either the first two or the last two. It may have had some effect on some of the Africans, but this is probably transitory. And he did offend some of the delegates.

The proposal by the five neutrals that the President and Khrushchev meet did not get much support. Most delegates recognized that it was impossible. So it became a matter of personal prestige for Nehru and Nkrumah.

Finally, Nehru, in a pique, withdrew the resolution, so the resolution is no longer before the UN. The Africans supported Nehru partly

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because they do not understand the situation and also because to many of them Nehru is a demi-god. Herter is talking with Nehru today. The probability is that Nehru realizes he made a tactical mistake in naming the parties to meet rather than the more moderate proposal, which would have widespread support, to the effect simply that the United States and the Soviet Union should continue to negotiate on problems of world peace.

Next after the President came Macmillan and Diefenbaker. Diefenbaker was very hard indeed on the Communists. Macmillan no less hard, but very deft and artful. Many of the delegates were offended by Khrushchev's behavior during Macmillan's speech.

Then a number of UN housekeeping items were taken up.

On the vote to consider the admission of Red China, we expect about a 50-30 vote against, with 19 abstentions. We very nearly lost Tunisia for our side; this was avoided only by fast action by the State Department. Indonesia and others argue that we must have Red China. We can keep China out this time, but we must face the prospect that we may one day have her in the UN.

The President interjected to ask whether there are any members of the UN that we do not recognize.

The answer was no, but there are some which some South American countries do not recognize.

Amb. Wadsworth continued. There is much sentiment at the UN favorable to the proposition that Lumumba is the legal head of state of The Congo. They realize he is an unstable, undependable character, but think nevertheless that Kasavubu had no authority to fire him.

In summary, the Ambassador felt that we are finishing much the most difficult period the United Nations has experienced. The picture is not all dark: the delegates are getting to see for themselves some of the Soviet antics. But nothing actually will get done until all the big-wigs leave. The best guess is that Khrushchev will probably not stay beyond the 14th. The big trouble is: Algeria. The Africans and some others will simply never be able to understand how the United States, with its Declaration of Independence and so on, can support France on this issue.

The President commented that he had had Sukarno come to see him for just one reason -- to ask him what his thinking was in the five neutral power resolution. The President had, he said, pressed Sukarno hard on this -- what did he hope to accomplish? While they were talking the resolution was withdrawn, and the President said he could get nowhere with his questions. Many of these people, the President felt, pretend to think we are as evil as the Soviets. They don't really believe this, but .... this one "wouldn't tell you anything".

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Sec. Dillon stated his belief that, regarding the neutral question, all spokesmen ought to follow the line of our reply to the five: it was a well-intentioned but naive proposal. On China -- the less said the better.

Amb. Wadsworth then addressed the President on the question of receiving representatives of the African nations, saying that the entire U.S. delegation feels strongly that anything the President can do to see the delegates from the new countries the better. It's a matter of face and prestige with them. Here they have been to the United Nations meeting in the United States, and when they get back they will be asked if they met the President.

The President said it would be fine if they will come to his office, but that he couldn't have a lunch or dinner for each of them -- it takes too much out of the day. He suggested that if a whole group of them were to come down at once, he might give them a luncheon or something.

Amb. Wadsworth told the President that wasn't really necessary -- that all they need to do really is come to the White House and shake hands with him. Most of them don't speak English anyway. It's just a matter of going through that motion so that they will have met the President of the United States.

The President said that was fine with him and would Mr. Wadsworth please tell the Secretary of State to send as many of them down as he wants, and he would see them. Inasmuch as he was seeing the representative of Nigeria the following day, he wondered if some of the others couldn't come along too.

The President went on to say that he had an agreement to make one more speech before the session closes -- on implementation of our proposals. The difficulty, as he saw it, on Red China's admission is that too many people say never, never. He remarked that never is an awfully long time. And he himself is always very careful: he says that if these people correct three or four of the worst things they are guilty of, we'd have a tough problem keeping them out. He agreed, however, that the less said the better; as of now, certainly, we just can't accept the admission of Red China.

Report on Statements and Discussions Regarding the Economy Before the World Bank and the International Monetary Fund - Secretary Anderson largely recapitulated that portion of his remarks of September 28th before the joint meeting of the Board of Governors of the IBRD, the IMF, and the IFC, dealing with our domestic economy and beginning on page 4 of the transcript of those remarks.

The thrust of Mr. Anderson's comments was that we have at this moment in 1960 a new economic environment, the most promising in a long time. Saying that the difficulty is not adding up statistics but adding up judgments, he nevertheless feels that he would much rather

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the United States be economically where it is today than were we were a year ago.

There used to be an adequacy of productive capacity only here in the United States. Now this adequacy exists all around the world. Add to this the fact of no fear of inflation, and you see a different attitude and behavior in this shifted situation from a twelve billion deficit in 1959 to a one billion surplus in fiscal 1960.

The most significant fact is that this large total shift has taken place, with its accompanying inventory adjustment, at the same time that the total economic activity has risen. This phenomenon has not occurred in recent times. It was not true of the shifts in inventory spending in 1948-49, 1953-54, or 1957-58. And an inventory adjustment takes care of itself, if the demand continues, and this can be expected with, for instance, anticipated increase in government spending.

All indications are good. Mr. Anderson had just heard, for example, from Brooks Bros. that their orders for clothing were the highest in history. (The President: "Did you ask Hart, Schaffner & Marx?")

A manufacturer of electric razors reported to him that a survey of department stores showed their stocks of razors to be zero. Sales of automobiles in September were 23% above a year ago, and so on.

In the monetary field, the Federal Reserve has twice lowered the interest rate. Business loans from banks rose sharply in September.

The short term outlook is fairly good; the long term outlook better than it has been in a quarter of a century -- with a relatively stable economy.

Those who question this analysis point out that the shift has not gone significantly to the minus side -- i.e., the minus side of deficit spending. Mr. Anderson's answer to this is that you do not have to go down below zero to compensate when you have an upkeep in demand. In 1957, for example, housing went down $9 billion. This year it remains steady.

As to the worry about steel: the statistic relative to "capacity" production is misleading. The fact is that the optimum figure relative to capacity -- that percentage at which the steel industry would prefer to operate, at which it makes the most money -- is about 80 to 85% of capacity. You get a clearer picture if you measure consumption against production rather than steel output against capacity. And steel consumption, during the period of "50% of capacity" has never been below 65%. (The Secretary's notes for his presentation are attached.)

The President said he had read in the newspapers yesterday that housing is up in everything except in VA applications. Sec. Anderson replied that his last check showed that both FHA and VA loan applications were up. It is the processing of these applications that is the problem.

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Mr. Stans invited attention to the mid-year review by the Budget Bureau which was just out. The $4.2 billion surplus of the January outlook now stands at $1.1 billion. The Congress was unwilling to go along with the President's recommendations, which accounts for $2 billion. We would therefore have had $3.1 billion surplus. It is also true that revenues are down. This is accounted for exclusively by corporation taxes. And that reduction in turn is a result of the difficulty in making profits, not in a lowered level of activity.

The President said he was bothered by one thing. Several years ago Sec. Anderson said we ought not to talk about sound dollar but instead about debasement of our currency. The political opposition says we care more about dollars than about people, etc. This finally gets across. "I tried to get at this in my Philadelphia speech. I think we ought to keep hitting this -- pay as you go, don't put an even larger burden on your grandchildren, maintain the respect of other countries, etc." He suggested that each Cabinet member could use this theme as opportunities for speeches offered, that it could be done in a paragraph, "without Dr. Saulnier or anybody else".

He said he had found every time he talked about reducing government employment or the government debt, he got great cheers.

Mr. Stans remarked that he wishes that copies of the President's Philadelphia speech could be sent to each member of the Cabinet. Sec. Anderson, echoed by Sec. Mueller and Attorney General Rogers, agreed that this story needed to be repeated over and over. If, he said, we can get private people, heads of institutions or financial people or corporate heads, to say this, it is much more meaningful than when people in government say it.

The President asked Mr. Anderson to write him a letter with a short statement on the economy for use on his forthcoming Monday night panel of women, asking that it be short, not an essay.

Department of Defense Consultations with Labor Leaders - Secretary Gates reported that early this summer there was some "slippage" in the missile sites projects. It was found that the contractors were doing construction and research as well as production. The Defense Department called in 56 big missile manufacturers, briefed them, took some of the blame themselves. This was very successful. The Department got constructive suggestions from them, and they will be "back on the track". Part of the problem has been work stoppages; 68,000 man-days lost, largely over jurisdictional disputes. The Department had considerable talk with the labor people. Messrs. Meany, Reuther and others are at the Pentagon today, and the Secretary is going to take them into the family and explain the problem.

The Secretary of Defense then alluded to a new subject, saying that the current General Electric strike was a very peculiar one. It is only partial; only one plant closed completely, but GE cuts across the whole Defense Department procurement picture. If this should become a real strike of all GE plants and go for at least three weeks, it could

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have a very serious impact on Defense.

* * * *

Secretary Gates: "Mr. President, before we break up, on behalf of Secretary Douglas, I should like to present to you a gold-plated THOR missile in honor of the hundredth launching last Tuesday of the THOR. This missile is the work-horse in the Defense Department and in NASA.

The President: "I will write Douglas a note, but if the government paid for this, I will not remind him of the gold."

James M. Lambie, Jr.

Copy to:
- ✓Mrs. Whitman (2)
- Mr. Gray
- Mr. Lambie

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RA - 60-158

October 17, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Friday, October 7, 1960:

1. Scientific Progress, the Universities and the Federal Government — CP - 60-70/1

ACTION: Deferred.

2. Report on the International Atomic Energy Agency

Information item only.

3. Evaluation of Developments at the United Nations

ACTION: a) The President agreed to an appointment with a group of the heads of the newly admitted African nations, subject to the working out of appropriate arrangements through the Secretary of State.

b) It was suggested that public comments by Cabinet members on the "pro-Summit" efforts by the neutral nations follow the pattern of the President's letter (released October 2) to the five Heads of Government.

c) With respect to the admission to the U. N. of Communist China, only the Secretary of State and the President should talk substantively on this subject; other Cabinet members are to minimize their public comment and, in any case, avoid categorical statements.

4. Report on Statements and Discussions Regarding the Economy Before the World Bank and the International Monetary Fund

ACTION: a) The Secretary of the Treasury will prepare for the President's use a short version of the remarks he made at Cabinet; a summary of these remarks together with a copy of the President's speech of September 26 before the American Institute of Certified Public Accountants will be made available by the Secretary to the Cabinet to Cabinet members for their information.

(continued)

4. (continued)

b) The President encouraged the members of his Cabinet to take up the challenge of those who allege that this Administration is concerned with "merely dollars and a balanced budget" instead of "human needs" by pointing out what a "balanced budget" really means in terms of national security, preventing currency debasement, preserving the confidence of other nations and the many other ways in which this policy contributes to the good of the nation.

5. Department of Defense Consultations With Labor Leaders

Information item only.

Robert Gray
Secretary to the Cabinet

Approved by the President

October 17, 1960

THE WHITE HOUSE
WASHINGTON

October 5, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Friday, October 7

The following items are included on the agenda at the coming meeting:

1. ~~Scientific Progress, the Universities and the Federal Government~~ ~~(Dr. Kistiakowsky)~~

Cancelled at DE request

~~A panel of the President's Science Advisory Committee chaired by Professor Glenn Seaborg has prepared, and the full Committee has approved a report to you on Federal Government policy with respect to graduate education and basic research. This report has also been discussed in the Federal Council on Science and Technology. The report makes a series of significant new recommendations. Dr. Kistiakowsky is anxious to present it to you and is also seeking advice on whether or not to publish the document. With so many Cabinet Departments (Commerce, Defense, AEC, Interior, Agriculture, NASA, and Budget) directly and immediately concerned, Dr. Kistiakowsky will present the report at Cabinet on Friday.~~

~~A special briefing memorandum from Dr. Kistiakowsky to you is included here under Tab 1.~~

2. Report on the International Atomic Energy Agency (Chairman McCone)

Chairman McCone has just returned from a trip to Yugoslavia and from attending the opening sessions of the current meeting of the International Atomic Energy Agency. Without getting into the issue of testing, Mr. McCone will brief the Cabinet on the IAEA and his Yugoslavia trip.

3. Evaluation of Developments at the United Nations (Acting Secretary Dillon and Ambassador Wadsworth)

With Secretary Herter planning to be in New York on Friday, Acting Secretary Dillon will join with Ambassador Wadsworth (whom you have invited to attend Cabinet meetings regularly) in giving the Cabinet their latest appraisal of the current United Nations General Assembly meeting. This will be particularly helpful for Cabinet members who get quizzed about this subject on their speaking trips.

4. Report on Statements and Discussions Regarding the Economy Before the World Bank and the International Monetary Fund (Secretary Anderson)

Secretary Anderson delivered an important statement on the U. S. domestic economy last week to the World Bank and Fund meeting. At Cabinet, Secretary Anderson will review this statement and suggest its applicability to public discussion of the economic situation by members of the Administration.

5. Department of Defense Consultations With Labor Leaders (Secretary Gates)

Secretary Gates has called a meeting in his office for Friday morning of eight U. S. labor leaders (including Messrs. Meany, Reuther, McDonald and Hayes) to discuss work stoppages and their effect on Defense contracts. Latest aspect of this problem is the GE strike. Secretary Gates will discuss his plans for this meeting with you and the Cabinet.

Bob
Robert Gray
Secretary to the Cabinet

October 5, 1960

MEMORANDUM FOR THE PRESIDENT:

With regard to the item dealing with the attached report of your Science Advisory Committee, may I make the following observations.

Your Committee has been aware for a long time that the support of basic scientific research by the Federal Government in universities has become large enough to influence in a major way the policies and directions of growth of our institutions of higher learning. As you may recall, when we met with you at Newport, the Committee expressed its conviction that a sustained increase in the level of support of basic science by the Federal Government is in the national interest. However, the Committee is concerned as to whether the form in which this support is given to universities is best suited to provide for the future growth of science, both as regards the accumulation of scientific knowledge and the training of young scientists needed in the longer run to assure such growth.

Because of these concerns, the Committee set up, more than a year ago, a panel to study the problem in detail, under the chairmanship of Dr. Glenn T. Seaborg, the Chancellor of the University of California. (Dr. Seaborg will accompany me to the Cabinet meeting). The attached report of your Science Advisory Committee is the result of this effort. It recognizes the extraordinary achievements of American basic research made possible by Government support, but points to ways in which Federal support should be gradually modified to assure continued growth and progress. It also recommends changes in university policies which will enable universities to make the best use of Government support and thus assure their full contribution to the common objective of maintaining American scientific leadership.

While the report was in preparation, the Committee had the benefit of advice and suggestions from Government officials of the departments and agencies concerned. Thus the recommendation of the Federal Council for Science and Technology that the report be made public is more than a formal one.

Earlier drafts of the report have been made available to the Vice President on a privileged basis. I find on studying the final version of Mr. Nixon's own position paper on science, released by the Republican National Committee, that there is no incompatibility with the present report; rather, the Vice President's statement reaches similar conclusions.

If you deem it desirable, I will be happy to discuss the report with you prior to the Cabinet meeting at your convenience.

I take the liberty of including with this memorandum a suggested draft statement that you may find useful should you decide to make the report public.

G. B. Kistiakowsky

GBKistiakowsky/DRAFT/10/5/60

Suggested Statement by the President regarding the report of the President's Science Advisory Committee entitled: "Scientific Progress, the Universities, and the Federal Government."

Statement by the President

This report is part of a continuing study by my Science Advisory Committee on ways in which the Federal Government can best assure the strength and progress of American science, one of our essential resources for national security and welfare. I hope it will be favorably received and widely studied by everyone in our national community concerned with the advancement of scientific knowledge through basic research and with the education of young scientists.

In this regard, I call particular attention to the conclusion of the Science Advisory Committee that the process of basic scientific research and the process of graduate education in universities must be seen as an integrated task if the nation is to produce the research results and the new scientists that will maintain the leadership of American science. In this great endeavor, the partnership between the Federal Government and the nation's universities will assume growing importance in the future.

/s/ Dwight D. Eisenhower

The White House
October , 1960

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CP - 60-70/1

October 4, 1960

The White House

Washington

THE CABINET

Scientific Progress, the Universities, and the Federal Government

For consideration by the Cabinet, the attached report of the President's Science Advisory Committee is being circulated at the request of the Special Assistant to the President for Science and Technology.

This report presents the views of the President's Science Advisory Committee as to ways in which the universities and the Federal Government can best assure the strength and progress of American science, one of the nation's essential resources for national security and welfare. The report's major conclusion is that the process of basic scientific research in universities and the process of graduate education must be seen both by the Federal Government and by the universities as an integrated task if the nation is to produce the research results and the new scientists which will maintain the leadership of American science. Its recommendations are based on the best existing practices of particular universities and particular agencies of government. They are intended as policy proposals for more general use by both of these partners in the future.

The report has been considered by the policy members of the Departments and Agencies on the Federal Council for Science and Technology, including the Department of State and the Bureau of the Budget. The Federal Council unanimously recommends that the report of the President's Science Advisory Committee be made public. It is therefore requested that the Cabinet concur in and the President approve the release of the report by the White House, together with a statement expressing the President's hope that the report will be favorably received and widely studied by everyone in our national community concerned with the advancement of scientific knowledge through basic research and with the education of young scientists.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

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SCIENTIFIC PROGRESS, THE UNIVERSITIES AND THE FEDERAL GOVERNMENT

Report of the

The President's Science Advisory Committee

October 4, 1960

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CABINET PAPER

For Consideration

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PART ONE - THE GENERAL PROBLEM

I. Introductory - The Focus of the Report

This paper is a brief statement on a large set of problems: the problems which center on the advancement of science by basic research, and the making of scientists by graduate education. This is only one part of the complex world of modern American science, but it is a critically important one. We have tried to state clearly the fundamental character of the environment which is required for scientific progress and for the making of good young scientists. We then consider the way in which these requirements should affect the policies of both the Federal Government and the universities, which are today the two forces in our society whose actions most affect the health and strength of basic research and the training of scientists.

We find much both in the government and in the academic community which needs improvement, but we have made no attempt to prescribe detailed policies for either party. The last twenty years have seen a remarkable growth of support of many kinds for basic research and graduate education, and the role of the Federal Government has on balance been highly constructive. On the whole our universities are much stronger today in science than they were a generation ago. We have great confidence that energetic leadership and constant effort can find good answers to the practical problems of the future. A short statement like this may hope to contribute not specific solutions, but rather some general ideas about the nature of the task, and the principles that should guide us in working on it.

II. The Background: The Urgent Need for Scientific Progress

Both the security and the general welfare of the American people urgently require continued, rapid, and sustained growth in the strength of American science. Other reports of qualified bodies, and earlier reports of this Committee[1], have argued in detail the reasons which make this growth vital to us all. We believe that most Americans are in favor of more and better science. In a general way Americans recognize that scientific understanding is at once highly valuable in its own right and quite indispensable for the sustained progress of a modern industrialized society. We are proud of our great accomplishments, and we become concerned whenever it appears that our scientific effort in any field may be second-best. Most of all we have learned to recognize that the defense and advancement of freedom require excellence in science and in technology.

But our acceptance of these quite modern ideas does not mean that we understand fully their consequences for our policy and practice. American science in the next generation must, quite literally, double and redouble in size and strength. This means more scientists, better trained, with finer facilities. Many forces contribute to this urgent need for growth. Our population is rapidly increasing, so that there are more and more young people to be taught, and we have nothing like the number of qualified teachers we need even now. Science itself is expanding so fast that our efforts would have to be much increased, if we were only to keep up with its general international momentum. The training of scientists takes longer than it used to, and the facilities needed in a modern laboratory are usually much more complex and expensive than those that were needed only a few years ago. Science and technology today have steadily growing mutual impact, so that the practical man has need of the closest and most immediate access to new results in basic science. Thus both science and scientists must be more and more widely diffused throughout our society. We need more men doing more things, with more support, ~~in~~ more places. And each of these requirements is better measured by multiplication than by addition. It is the simple truth that if this country is to safeguard its freedom and harvest the great opportunities of the next generation of science, the level of its scientific investment must be multiplied and multiplied again.

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[1] See, for example, Strengthening American Science, a report of the President's Science Advisory Committee, Washington, 1958; Education for the Age of Science, Statement by the President's Science Advisory Committee, Washington, May 24, 1959; and Basic Research - A National Resource, A Report by the National Science Foundation (NSF 57 - 35), Washington, 1957.

Yet the right word is investment. What this country spends on excellence in the sciences is not money gone with the wind. It is money that brings us handsome returns, and of many kinds. In immediate economic terms the proposition is clear enough: what we have done in science has brought our society riches many times greater than what science costs us, and this will be true as far in the future as we can see. In economic terms, indeed, scientific investment has quite extraordinary power. Ordinary capital investment puts savings to work on labor-saving machinery that is already known and understood; the increased wealth produced is what separates the developed modern society from helpless poverty. But scientific and technological investments are still more powerful tools, since they invest in the discovery of what we do not yet understand. We are only just at the beginning of the use of scientific investment in this large sense, and the returns it can bring in are literally incalculable. Simply in terms of economic self-interest our proper course is to increase our investment in science just as fast as we can, to a limit not yet in sight.

But we should not emphasize only the material returns of scientific investment. Science yields a return also in the quality and humanity of our civilization. Science is not merely an inducement to progress; it is an affirmation of man's respect for nature and a way to the fulfillment of some of his highest capacities. Science is enriching, but at its best it is much more: it is enlarging to the spirit. This higher value is one we should never leave out of account in our desire to reassure ourselves that science "pays." Indeed any shortsighted calculation of return-on-investment is likely to be self-defeating. Scientific progress does not occur in any neatly predictable way; nor can we be sure ahead of time which research project is likely to have particular consequences for our prosperity or security. Moreover scientific discovery is not easy, and many experiments fail. Nothing could be more unwise than an effort to assign priorities or judge results in basic research on any narrow basis of immediate gain. It is the advance of science as a whole on which we must rely, for material as well as other returns.

Much of this basic argument for the strengthening of American science applies equally to other fields of learning. While this report centers on the needs of science, we repudiate emphatically any notion that scientific research and scientific education are the only kinds of learning that matter to America. The responsibility of this Committee is limited to scientific matters, but obviously a high civilization must not limit its efforts to science alone. Even in the interests of science itself it is essential to give full value and support to the other great branches of man's artistic, literary, and scholarly activity. The advancement of science must not be accomplished by the impoverishment of everything else, and the life of the mind in our society has needs which are not limited by the particular concerns which belong to this Committee and this report.

We do not, in this report, attempt to consider what direct responsibility and interest the government has for strengthening basic research and graduate education outside the sciences. This is a subject which deserves careful attention, but it is beyond our mission. What we can say, however, is what earlier reports of this Committee have regularly emphasized, that neither the government nor the universities should conduct the support of scientific work in such a way as to weaken the capacity of American education to meet its responsibilities in other areas. The costs of scientific progress must not be paid by diverting resources from other great fields of study which have their own urgent need for growth.

III. Basic Research and Graduate Education - They Go Best Together

Science is a large field, and in this report we want to concentrate attention on two parts of it: the part in which research is pursued with the purpose of advancing scientific understanding, and the part in which young college graduates are helped to become scientists. Our shorthand terms for these two activities are "basic research" and "graduate education."

Basic research is the cutting of paths through the unknown. As most of us know today, it is the pacesetter for technology, and the raw material of invention. Its growth can be assisted, and its general value can be confidently asserted, but it depends, in the end, on the imaginative powers and scientific skills of the men who do it. Basic research is as hard as it is exciting, and while it contributes enormously to the national welfare, what usually moves the scientist is not so much this practical consequence of his labor as the simple but powerful urge to know how nature works. A free society can honor the scientist's curiosity without forgetting his social value.

Because basic research is aimed at understanding rather than at practical results, the layman sometimes assumes that it is entirely abstract and theoretical, and that only when it becomes a matter of industrial development does it "come down to earth." This is a false notion, and its falsity becomes increasingly clear with time. Indeed, one striking characteristic of our scientific age has been the disappearance of the barriers between pure and applied science. Not only are we finding important technological applications for mathematical and scientific knowledge which was formerly thought of as abstract and 'useless,' but the advance of technology has both generated new problems in pure science and provided new tools with which such science can be advanced more effectively. The development of the techniques and hardware for radar during the war, for example, gave the physicist and the chemist a new and refined tool for investigating the properties of solids and of chemical compounds. Conversely, the extensive use of this tool in basic science has opened the way to entirely new techniques in electronics. Similarly, the development of large-scale electronic computers has led engineers to find practical uses for some of the most abstruse and "impractical" branches of higher mathematics, while the understanding of the techniques of using computers has, on the other hand, given us deeper insight into some aspects of the behavior of complex biological and social systems. Basic and applied science today are distinguished less by method and content than by motivation. Part of the strength of American science stems from close intellectual intercourse between basic and applied scientists. Very often, indeed, the same man can be both "pure scientist" and "engineer," as he works on different problems or on different parts of one problem. We do not believe in any artificial separation between basic and applied research or between science and engineering. The fact that a scientific advance is useful does not make it unscientific.

Graduate education for scientists is usually seen as what comes after the B.A. and before the Ph.D. For us it is this, but also more, and in our view any definition in terms of an interval between two degrees obscures much more than it clarifies. We are using the term here to mean that part of education which seeks to turn a young man or woman into a scientist. By the word scientist we mean someone who is fit to take part in basic research, to learn without a teacher, to discover and attack significant problems not yet solved, to show the nature of this process to others--someone, in short, who is equipped to spend a lifetime in the advancement of science, to the best of his ability.

It is a fundamental contention of this report that the process of graduate education and the process of basic research belong together at every possible level. We believe that the two kinds of activity reinforce each other in a great variety of ways, and that each is weakened when carried on without the other. We think also that this proposition has substantial implications for the policy of both the Federal Government and the universities. Because the proposition is so central to our argument, we must try to demonstrate it thoroughly.

In one sense, it is almost self-evident. If graduate education aims at making scientists, and if inquiry into what is unknown is the moving principle of all science, it is not surprising that experience of this kind of inquiry should be essential in graduate education. Clearly such experience is best obtained in association with others who have had it or are having it themselves. The apprentice scientist learns best when he learns in an atmosphere of active research work. It is true that only a minority of those who receive a Ph.D. in science continue their subsequent careers in basic research.

The majority go on to applied research in industry or to teaching in college where research opportunities are limited. (Even in the universities many scientists are not active in research). Nevertheless, such experience as all graduate students should have with basic research is highly important. In all forms of scientific work a man's effectiveness is multiplied when he has that depth of understanding of his subject that comes only with the experience of working at a research problem.

But if all this is so, it does not seem to be fully recognized in the standar practices of most universities and Federal agencies. For as we are describing it, the process of graduate education depends on "research" just as much as upon "teaching"--indeed the two are essentially inseparable--and there is a radical error in trying to think of them as different or opposite forms of activity. From the point of view of the graduate student, the teaching and the research of his professor are, at the crucial point which defines the whole, united. What he learns is not opposite from research; it is research. Of course many necessary parts of a scientist's education have little to do with research, and obviously also for many professors there must be a gap between teaching a standard graduate course and working at one's own problems. Moreover, many good teachers--men who keep up with the new work in their subject and communicate its meaning clearly to their students--are not themselves engaged in research. Yet we insist on the central point; the would-be scientist must learn what it is like to do science, and this, which is research, is the most important thing he can be "taught."

So far we have been arguing that graduate education requires the experience of basic research. What happens when we turn the matter around, and ask whether basic research must be carried on only in conjunction with graduate education? Here the answer cannot be so categorical. Though our general conviction is that a fundamentally reciprocal relation does exist, it is clear that research of outstanding quality is often carried on in isolation from teaching and indeed quite outside the universities. While the great teacher of graduate students is almost invariably a research man too, there are many notable scientists who have as little as possible to do with teaching. First-rate industrial and governmental laboratories with commitments to specific programs are necessarily separated in some measure from teaching of a conventional sort. Thus basic research can be and is carried on without much connection to graduate education.

Yet in the long run it is dangerous to separate research in any field entirely from education. If a research field is to be attractive to good young men, it ordinarily needs roots in the universities. The pool of graduate students in our universities is the pool from which the scientists of the future must come. These young people do not easily study what is not taught; they do not often learn the meaning of research which does not exist in their environment. A scientific field which has no research life in the universities is at a grave disadvantage in recruiting new members. As learning and teaching require research, so research, in the end, cannot be sustained without teaching. Hence it is always important for research installations to maintain effective connections with students. In a later section we note some of the consequences of this rule for both the government and the universities.

Meanwhile it is worth noting that the practical need for connection between a research installation and the source of scientists is not the only reason for doubting the value of any sharp separation between research and teaching. There is also the fact that in the wider sense all first-rate research laboratories are permeated by an atmosphere of learning. Successful research can be defined, indeed, as learning what has not been taught before, and a good scientist is constantly learning from others as a part of his campaign to find out something on his own. It is not an accident, therefore, that in any oustanding industrial or governmental laboratory the atmosphere is reminiscent of the university. In such laboratories, moreover, the scientist's concern with "research for its own sake" is often very strong; much excellent basic work is done in such laboratories, in support of general programs of applied research.[2] We believe that research, learning, and teaching are deeply connected processes which should be kept together wherever possible. Not all basic research should be--or could be--performed in our universities, but where it is done separately, special efforts should be made to take advantage of its educational value.

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[2] That basic research is an important element in the quality of any mission-oriented laboratory in the government was argued earlier in Strengthening American Science, pp. 18, 32. Nothing in this report should be taken as a modification of that position.

IV. The Role of the Federal Government

Basic research and graduate education, together, are the knotted core of American science, and they will grow stronger together or not at all. Let us now consider the consequences of this principle, first for the government and then for the universities. The Federal Government, by its varied missions and the size of its financial commitments, is the most powerful single force in this whole field, while the universities are the natural holders and custodians of the knotted core. Both have done much to strengthen, and something to weaken the common enterprise in recent decades. Both must do better in the years ahead.

The Federal Government, through many agencies, is now by far the most important source of funds for research in the universities. In 1957 - 58 the Federal share in all such research was about 70%. This astonishing expansion in Federal activity is the product of several forces, all of them initially related to specific needs of specific branches of the government. The two most important purposes of the government in supporting research have been defense and health; more than 3/4ths of all Federal funds for such research in 1959 came from agencies with one or the other of these two missions.

The government's first interest in its relations with universities was to obtain the practical advantages of research. Historically, the earliest large-scale relations were those, in the field of agriculture, which connected the government to the land-grant institutions. Then during World War II, American science conclusively demonstrated its practical value, and in the years after the war, first the defense agencies and then those related to health developed large-scale research relations with the universities. At first these relations were based on contracts allowing compensation for services rendered. Government contracts have supported a great deal of research of high quality; they have, for example, paid for almost all of our remarkable post-war effort in nuclear physics. Nor has this support been limited narrowly to the fields with high practical significance or political appeal.

Yet in its essence the concept of "purchase of services," which is implied in any government contract, was and is a doubtful one, when applied to basic research. Basic research, almost by definition, has no clearly predictable practical result, and so the Congress and the Federal agencies involved have had to interpret very broadly the notion of "value received" in return for sums spent on research contracts. But conversely, the support of university research has been hampered by contract rules which strictly limit the ways in which universities can be compensated for their costs. The whole framework is somewhat arbitrary and unrealistic. The wonder is that it works as well as it does.

From the point of view of this report, a particularly grave difficulty in the support of research by government contracts is that by its very nature support given through such a mechanism tends to separate research from education. In the research contract the one recognized "product" is "research;" yet if the government has an interest in basic research in any given field, it inevitably has a related interest in graduate education in the same field. Thus the government is almost forced to work against its own interest as well as that of the university when it uses an instrument whose formal concern is with research results alone. It is greatly to the credit of many able public servants that this inherent difficulty has often been overcome by imaginative and farsighted administration. Many graduate students have been helped by contract funds in a fashion that is both constructive and proper. But the research contract, with its concept of services purchased, remains an imperfect instrument. Even for the advancement of basic research as such it is awkward, because first-class research is really not a service to be contracted for. And for larger purposes it is wholly inadequate.

All government agencies are now empowered to use grants instead of contracts in supporting basic research; the National Science Foundation and the National Institutes of Health, particularly, have used this form extensively for some years. The use of grants sometimes has the regrettable consequence of failing to provide for the full cost of the research that is supported, and sometimes the complexities of application and processing for even a small project grant compare unfavorably with the best practice of contracting agencies. But on balance and in the long run, the grant is a better instrument than the contract--it is more consistent with the nature of basic research.

Grants and contracts are both used to support specific research projects. This is good, in and of itself--especially when such support is provided, as it often is, with a minimum of red tape and for broad objectives, with relatively long time-schedules (three-year terms were recommended in an earlier report). Support of good men or groups in specific projects can be particularly effective in ensuring that excellent scientists and excellent problems are identified wherever they may be. While the process of evaluation and award is time-consuming both for government officials and for outside scientists who serve on advisory panels, it is well done, on the whole. But project support, in and of itself, does not fully meet the needs of the Federal Government.

We can understand this matter better if we consider for a moment the Federal Government's larger purposes in relation to basic research and graduate education. In addition to the research interests of particular agencies, the government has two other more general responsibilities. One is its concern for the development of fields of basic and applied science which may be of general importance for the national security and the general welfare; the other is its concern for the strength of American science and higher education as a whole.

There are many fields of science in which the United States is not nearly as active and strong as it should be, both from the point of view of the national defense and from that of the public welfare. It is unfortunately not true that scientists always and automatically sort themselves out into the most relevant and productive fields of work. Science like any other human activity is subject to the distortion of human frailty, and scientific fashion is not always sound.

Moreover, even when individual scientists spot promising untilled fields (and it is scientists who do spot them) it is often hard to find funds and facilities for the new undertaking from within hard-pressed universities.

We think it plain that the Federal Government should act in such areas of scientific promise. No other agency in our society is responsible for the national security, and a large field, full of new problems, such as space science or materials research, is potentially vital to our safety. No other agency in our society is responsible for the general welfare, and all major fields without exception can be expected to contribute to the general welfare. No other agency, finally, has the financial strength to provide the necessary support--and incentive--for work in expensive new undertakings. It can be said without qualification that our society will be endangered and impoverished if these things are not done, and that only the Federal Government can get them done. We do not mean, again, that only Federal action will be needed; we do mean that it must play a large initiating and sustaining role.

When we construe the matter in this way, it becomes clear that no narrow or single-instrument method of action will serve the government's purposes. For example, if oceanography is urgently important (as it is), if good oceanographers are scarce (as they are), and if oceanographic facilities--especially modern sea-going vessels--are almost nonexistent (also the case), the Federal Government cannot discharge its responsibilities by signing a research contract with any one institution. It has to look at the whole subject and all its needs. It may be more important to buy some university a ship--

as the National Science Foundation has recently done--than to execute a research contract for work under one of its professors. It may also be important to offer fellowships or to assist in the initial expense of a new set of courses. The government will not be able to serve its own interest if it cannot put its money freely wherever it sees an urgent need.

In speaking of new fields of need and opportunity, we are seeking to emphasize the things that now need doing. We could also call attention to the many things that have already been done, above and beyond the standard research contract. The Federal Government has, of course, already built major research facilities when no one else could--most notably in the field of nuclear physics. It has also begun to make grants for research facilities as well as for research--most notably in the field of health. The National Science Foundation, with the broadest charter of any agency in the field, has granted fellowships both directly to students and indirectly through universities; and recently it has planned to make unrestricted grants to institutions receiving other funds from its hands. Nor should we neglect the imaginative use of training grants in medicine and health, the fellowship program of the Atomic Energy Commission, or the special help made possible by the National Defense Education Act. Still all of these are limited *ad hoc* programs which only partially meet the government's own interest in graduate education and basic research; we have hoped, by discussing a new topic like oceanography, to show how general and unlimited that interest can be.

The government has one still greater interest in these matters. It is, quite simply, that university science should be as strong as possible. This blunt statement does not arise from sentimental affection, or from professional affiliation, though most of us must confess to both. It is rather that the function of the universities is one of absolutely critical importance to the national welfare. As our scientific efforts have expanded in many industries and government installations, the universities have naturally lost their near monopoly on scientific work. But it is essential that this process should not go too far. For the universities are the source of tomorrow's scientists, as they are the natural centers for jointly thriving basic research and graduate education.

Obviously this proposition has meaning for many others besides the Federal Government. The universities themselves are not without resources, and they have a particular and urgent obligation to spread the word of their high mission wherever they have friends who can help. State governments, graduates, generous private citizens, and foundations all have a part to play in strengthening the American university. Moreover, as we shall presently see, the American university has a special opportunity and obligation to see to it that its responsibility for judgment and leadership in basic research and graduate education is well discharged.

But when all these things have been said, the first and greatest of responsibilities comes back to the Federal Government. No matter how many diverse elements of our society may join in their support (and the more the better), basic research and graduate education are in the end, by their very nature, a problem for the nation as a whole, and so for the national government. There is not one physics for California and another for Texas. A first-rate program in Massachusetts or Connecticut must not be limited to New Englanders. Science flourishes by honorable rivalry, but not by any effort to consider only narrow or local interests. Both basic research and graduate education must be supported in terms of the welfare of society as a whole. It is in this large sense that the role of the Federal Government is inevitably central.

The truth is as simple as it is important: Whether the quantity and quality of basic research and graduate education in the United States will be adequate or inadequate depends primarily upon the government of the United States. From this responsibility the Federal Government has no escape. Either it will find the policies--and the resources--which permit our universities to flourish and their duties to be adequately discharged--or no one will.

It is much easier to state this general interest of the Federal Government than it is to delineate its consequences. Indeed, in the largest sense the consequences are too many for numbering, because in essence this general proposition should color every action of every Federal agency in all its dealings with our universities. With all their irritating faults, universities are essential agencies of our national hopes, and they must be treated accordingly.

V. The Job of the Universities

American universities are far from perfect, and their best spokesmen are the first to admit it. In a sense they do not have the excuse of government, which has entered the field only recently; their very reason for being is that they should support the high purposes we are concerned with here. Basic research and graduate education--as we have said and all will easily agree--are of the very essence of the fundamental purposes of the American university. Yet many do much too little, and none does all it should, in these great areas.

In the first place, it is often as hard for the university as for the government to keep it clearly in mind that basic research and scientific education go together. The first and simplest temptation, we fear, is the neglect of research. Most American universities have their origin in a public need for education--for instruction--for teaching--and in most of them there is still maintained the same artificial and fundamentally wrong division between research and teaching that bedevils the government's relations with universities. But while the government finds it easier to pay for research than for teaching, the university, too often, budgets for teaching as a matter of course, and for research only when special circumstances permit. The result is that in all but a few American universities the standard teaching assignment of the professors (significantly called his "teaching load") is such as to make it difficult for him to carry on any serious program of investigation of his own.

On the other hand, the university itself sometimes allows favored individuals to play no teaching role whatever, as a means perhaps of attracting and keeping men of particularly outstanding reputation. The danger in such a practice is obvious, since it appears to suggest that the very best men deserve exemption from teaching. While in any individual case such arrangement may be justified, it is of the first importance that universities--and scientists themselves--should sustain the value of teaching as well as research. This is not a rigid matter of splitting every man's time in equal but separate parts. In the best departments there will be men whose time is mainly on research and men who are mainly teachers, and it is foolish to hold any individual to any arbitrary standard that cramps his style. What is essential is that the environment as a whole should be an environment of learning, investigation, and teaching--all together. Only too often the universities fail to understand and support this image of their nature.

More broadly, our universities have been slow in finding effective ways of encouraging scientific research and training at all the new levels and in all the new ways which the age of science makes possible. Graduate education is not as good as it should be. Outmoded rules of study too often impede the student's access to the experience of modern science. Research programs are too often kept in isolation from the mainstream of student life. Special research installations are too often not imaginatively used as a source of learning and teaching. New fields of study are ignored because they inconveniently cross departmental barriers. Strong understanding of the meaning of the age of science is too rarely found among university administrators. The universities themselves have much to do.

Perhaps the most important single task of the universities is to see to it that their own standards of freedom and excellence are maintained in a period of growing connection with government. While we do not share the notion that government money is necessarily subversive of university freedoms, it is obvious that large-scale Federal spending, like any other form of patronage, has its hazards. In the record of the last fifteen years, there is much more ground for hope than for fear, but occasionally government action has distorted the direction of research or unwisely discriminated against particular scientists on irrelevant grounds. This was particularly true in the time of unworthy fear which occurred between 1950 and 1955. It is to the credit of the government that such cases have been the exception, not the rule, and we commend the good sense which has led the Administration to oppose discriminatory and useless affidavits of disbelief as a condition for fellowship aid.

But the first and greatest responsibility for keeping our universities free and self-reliant rests with the universities themselves--with their faculties, their administrators, and their trustees. What they do not defend, others will not find it easy even to understand, while when they are staunch in their principles and vigilant in their practices, the record suggests that neither the Federal Government nor any other source of support is an overwhelming threat to them. Courage and vigilance are essential, but there is no ground for a timid mistrust of government in and of itself. The right concept is that of partnership, with each partner respecting the rights and responsibilities of the other. For this there is needed a constant effort of communication and understanding, and we repeat that the first responsibility here rests with university people.

Yet the main trouble in the universities is not a failure of understanding or communication; it is poverty. Typically the American university is trying to do too much with too little. Its salaries are low; its teaching assignments are high; its scientific buildings and equipment are cramped or out of date or both. Modern science does not flourish in such circumstances. Dedication and talent are still the first requirements for scientific achievement, but in most branches of science today there is no escape from the need for expensive facilities and substantial numbers of colleagues. No university in this country today is doing what it should in science; none could be doing even as much as it is without the Federal support which has developed in the last fifteen years. Thus partnership between the universities and the national government is the indispensable basis of first-rate university work in science.

The partnership is a fact. It has done much more good than harm. It seems certain to grow in importance unless the American people decide to accept a second-rate standing in terms of power, of comfort, and of knowledge. The broad problem which faces the government and the universities is to make the partnership fully fruitful. The remainder of this report is devoted to a number of specific issues on which it seems possible to make useful comments at this time. Bur particular issues are subject to change from year to year, and we do not wish to put our main emphasis on any one question in itself. In a sense these comments are illustrative rather than exhaustive or definitive-the main thing, once again, is to think of basic research and graduate education together.

PART TWO - SOME SPECIFIC CONSLUSIONS

I. Excellence Deserves Strong Support

In the advancement of science the best is vastly more important than the next best. Mediocre research is generally worse than useless, and the same may probably be said of teaching. It is, therefore, of first importance that national support for both activities should aim at sustaining and reinforcing outstanding work wherever it may be found. Both the Federal Government and university administrators should be firm in their support of what is first rate even when such support requires hard choices.

In this respect, the programs of the government since the war deserve considerable praise. In its support of basic research, the government has usually relied on the advisory judgment of respected scientists, and in the main this advice has ensured that in those areas of research in which Federal support has been available, outstanding men have been able to attract substantial support. In this respect, the project method of research support has real values which should not be forgotten in our proper concern for additional methods of action. As Federal activity expands and broader objectives are included, we should never lose sight of the need for qualitative judgment. Nor should we ever suppose that those scientific centers which have achieved outstanding quality are somehow by that reason self-sustaining and free of need.

II. Additional Centers of Excellence are Urgently Needed

Equally with the importance of sustaining what is already outstanding, we urge the importance for the country of an increase in the number of universities in which first-rate research and graduate teaching go forward together. The growth of science requires more places with superior faculties and outstanding groups of students. Existing strong institutions cannot fully meet the nation's future needs. It is true that experience is casting doubt on some conservative notions about the optimum size of the university, and the universities which are already great are larger than they expected to be ten years ago. But there is a limit to such growth, and we must hope that where there were only a handful of generally first-rate academic centers of science a generation ago and may be as many as fifteen or twenty today, there will be thirty or forty in another fifteen years. Timely and determined support to the rising centers will be repaid many times over in service to society.

III. Graduate Education Needs Expansion

While we believe that the basic structure of graduate education is sound, we are sure that university faculties can do much to improve it. We believe that the most important graduate degree for scientists will continue to be the Ph.D. Obviously, it is the substance of graduate training and not the formal title "Ph.D." that counts, but in our opinion there is not much point in denying the dominance of this particular degree as the outward symbol of advanced scientific capacity.

As our whole report emphasizes, we believe that graduate education leading to the Ph.D. should include a genuine experience of research. It is experience of research that makes a man a scientist. We think this kind of graduate education is needed not only for those who go on in university science, but also for college teachers and increasingly for the more important scientific and technological positions in industry and government.

Thus we need more men and women with the advanced training the Ph.D. symbolizes. No fixed projection of exact numerical needs seems convincing to us, and there is a sense in which we can always make do with what we have. But in terms of return on an investment, again, we believe that a steady and rapid growth in our national output of scientists, in all fields, will be well worthwhile.

IV. It is Important to Attract a Larger Number of Talented Students to Science as a Career

If we are to have more good scientists, the first necessity is that more of our talented young people should want scientific careers. It is here that our colleges, whether or not they are parts of universities, can contribute largely. We believe that both colleges and the Federal Government should give urgent attention to the quality of collegiate instruction in the sciences. The first and greatest need is to extend to the college the connected concern with teaching and investigation which we have emphasized throughout. This does not mean that every college must be a university, or that every college teacher must be a dedicated research man, but it does mean that the opportunity and practice of scientific inquiry should be a part of the life of the college laboratory. This is not an easy goal; even in universities the teaching of undergraduates is often sharply separated from the research life of the institution. But once the problem is squarely recognized, much can be done. Decent salaries, time for research, facilities for good scientific activity, and modernization of curriculum can all be helpful. Indeed the short way of saying it is that most of the comments and conclusions we offer with respect to graduate education can be applied with only moderate adaptation to scientific work in the undergraduate liberal arts college. We repeat that nothing can do more for the supply of talent to the sciences than a general renewal of life and energy in collegiate science.[3]

Other ways and means of strengthening the attraction of science as a career have been discussed in earlier reports and need only brief reference here. Exposure to the fascination of science should begin long before college, and at every level, and it is time for an end to the separation that has developed between college and university scientists and school teachers. We enthusiastically commend the steps toward reunion which have recently been taken by agencies of government, by school teachers, and by university scientists. There are many urgent reasons for this general course of action, but one important consequence of a new and lively connection of leading scientists to what is done at school can be a major reinforcement of the number of scientists in the next generation.

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[3] Of course college education in the liberal arts and sciences has many other values beyond what we here emphasize; it is only in the present context that we limit ourselves to the particular and urgent topic of attracting talent to the sciences.

V. Graduate Education in Science Needs Constant Modernization

Our basic acceptance of the Ph.D. degree does not imply any similar acceptance of all that is now done in its name. We think it urgent that graduate education be constantly revised and improved. As science itself rapidly advances, we need new ways of teaching and learning both traditional and emerging subjects. Many university departments are more rigid in formal requirements--and more lax in insistence on real achievement--than they ought to be. Many traditional programs for the Ph.D. are now a poor preparation for serious contemporary research, and too few university scientists have given proper thought to the ways in which the learning of science can be improved at all levels by imaginative changes of method. We are at the edge of great advances in our scientific knowledge of what the process of learning is, and it would be an irony if science itself were to lag in the application of its own achievements. Fortunately there appears at present to be a marked revival of interest among scientists in the improvement of both teaching and learning.

VI. The Financing of Graduate Education Needs Continued and Flexible Reinforcement

Graduate studies leading to the Ph.D. are very expensive, both for the university and for the student, and neither party is adequately supported. Great improvements have occurred in recent years, but a great deal still needs to be done. Lack of financial means is probably the greatest single difficulty faced by the American graduate student. It is poverty, for example, that is mainly responsible for the undue length of time so often consumed in achieving the Ph.D. degree. Too many students simply cannot find the money for sustained full-time study and drop out, or take part-time jobs that delay their progress and flatten their spirits.[4]

Fortunately the general need for improvement in this situation is now widely recognized. The universities themselves, the major private foundations, and the Federal Government have all taken a hand here. But once again, because of the size and urgency of the need, we believe that the level of Federal support should steadily increase.

The best and most direct form of support for graduate education is the graduate fellowship. The government has a number of such programs, and on balance they have been highly constructive. We believe that these programs --and in particular the well-designed and effective fellowship programs of the

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[4] For extended discussion on this point, the reader is referred to Bernard Berelson's important forthcoming study, *Graduate Education in the United States.*

National Science Foundation--should be expanded just as fast as truly promising candidates can be found. A properly designed fellowship program is highly rewarding in its eventual return on every dollar invested.

Fellowship programs have another special value in that they can readily be designed not only to support excellence where it already exists but also to encourage new centers of outstanding work. When such fellowships are awarded directly to individuals who are free to work wherever they choose, the winners do tend, on the whole, to register in departments of established quality. On the other hand, the establishment of fellowships at a particular promising place can be a powerful reinforcement of its efforts to establish itself securely. We favor both forms of fellowship, and again we call attention to the use of both by the National Science Foundation. The various activities of the Department of Health, Education and Welfare, especially the programs of the National Institutes of Health and the provisions of the National Defense Education Act, also serve both these ends. Thus our double insistence on the support of existing excellence and the encouragement of new centers has sound precedents.

The natural selection and selective reinforcement which can be supported by fellowships seem to us to constitute a strong argument for including in every fellowship a substantial additional grant for the support of the institution itself as well as the graduate student. The cost of graduate education to the university always far exceeds the tuition charged to the individual, and therefore university authorities have regularly pointed out that without a supplementary grant they must expect to "lose money" on each fellowship winner. This in itself may not be a wholly persuasive argument, since the university's other resources are at least partly aimed at this same educational purpose. But we believe that fellowships are a good instrument for effective distribution of general support to universities where it will do the most good. We therefore recommend that as a general rule graduate fellowships supported by the Federal Government should include a substantial supplementary grant for the general support of the related work of the university. Since the average graduate student in science costs his university not less than $3500 a year,[5] grants which provide this amount to the institution would not be excessive. (Where tuition is already covered by the basic fellowship grant--the usual case--the supplement should of course be reduced accordingly).

Fellowships are of course not the only means of supporting graduate education. Research projects provide legitimate part-time work for many degree candidates, and in many universities part-time teaching is also an effective means of serving the interests of all parties. These instruments are not without hazard: it is possible to do much harm to a young scientist, either by subordinating his need for a lively research experience to the requirements of a large organization or by exploiting his first enthusiasm for teaching by assignment exclusively to routine pedagogical tasks. In a properly designed graduate education, these legitimately remunerated forms of experience should be designed and administered with a steady eye for their effect on the graduate student as well as on his pocketbook. This is an urgent issue. in many departments which otherwise have very high standards.

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[5] This figure is based on recent estimates collected by the Office of Education the estimates relate to all fields of learning, and it seems most probable that scientific education is in general the most expensive kind. Estimates of cost in this field are very uncertain, but we feel confident that our figure is conservativ

But once the emphasis is placed squarely on the student's need for the best possible experience in graduate school, both assisting in the research of others and sharing in the work of teaching can be intensely valuable parts of a good education, and in our eagerness to prevent abuse we should not make rules which cut students off from such opportunities. In particular, fellowship programs should not exclude the student from part-time assignments in research or teaching, and unless the fellowship is so large as to make any additional stipend unreasonable, there should be no obstacles to an appropriate payment for such services.

Ideally, perhaps the best way of financing graduate education would be to take the dollar sign off each of its separate component elements, entwined as they are, and give full support to the student from a general pool of money, while arranging his work in research, learning, and teaching so that in part it would meet the needs of others beside himself. As we work gradually toward such a result we can at least make sure that separate programs, each good in itself, are administered with full respect for the general purpose of graduate education.

VII. The Need for Improved Facilities is Urgent

The dramatic expansion of science in this country has outrun our ability to provide up-to-date space and equipment for either research or teaching--still less for the two together. While in the end men are more important than facilities, the immediate bottleneck today, in many fields and in many universities, is in buildings and equipment. In part this backwardness is the result of a widespread and quite erroneous notion that it is less fruitful to pay for a building or for its maintenance than for research or teaching in themselves. Very little good laboratory work can be done without a roof, and in experimental science the best equipment is usually the true economy.

These propositions carry a moral for both universities and the government. Neither side should expect to develop first-rate programs without appropriate space and equipment, and on both sides an increased emphasis on investment in facilities is desirable. We warmly approve the recent general endorsement of facilities grants by the executive branch, and we particularly commend the initiation of programs in this area by the National Institutes of Health and the National Science Foundation. While we do not believe there is any permanent magic in the matter, we see considerable practical advantage, for the present, in the practice of sharing the costs of such facilities between the Federal Government and other sources. Grants contingent upon some degree of "matching" tend to encourage other sources of support, and to ensure that the receiving institutions have a serious commitment in the field concerned. The heavy overapplication for funds available under these programs suggests that, for the present at least, Federal money will be most productive if it is used in this way. Obviously when the government has a particular interest in a particularly expensive installation of more than local importance, it must expect to meet all or nearly all the cost of the undertaking. There may also be other circumstances in which a particularly good opportunity for progress would be lost if "matching" were insisted on, and we believe that unmatched grants should be made in such cases.

VIII. New Fields of Research and Education Need Particular Encouragement

As we have already said, the national interest demands particularly rapid growth of research and training in a number of fields. The identification of these fields is a job for scientists, universities, and the government, all working together, but since the national interest is involved, particular responsibility for their support rests on the government. In such efforts the government must at times be willing to concentrate its support in relatively few places, and universities must avoid a log-rolling insistence on dispersion of efforts in many places at once. Moreover, in its support of these new subjects the government should place its bets where there is clear evidence that the institution concerned is prepared to establish and encourage programs of graduate education fully connected with new research.

This is no place for an exhaustive discussion of the particular subjects that are urgent today. The government has already recognized the existence of special needs in a number of fields; general examples are the sciences closely related to health and to nuclear physics (including high energy physics and other subjects only distantly related to military strength). More recently and more specifically there has been a proper special concern for such large fields as materials, meteorology, and oceanography. These newer interests frequently have the important characteristic that they are interdisciplinary. Often this overworked word means nothing except that existing departmental divisions do not recognize a subject which has itself all the intrinsic qualities of a separate discipline. But there are also topics which really do require cooperative attack from many branches of science, and studies of materials, the oceans, and the air have this broader and truly interdisciplinary character. In such cases both the universities and the government must be particularly energetic and imaginative in seeking effective ways of encouraging basic research and graduate education together, though in a really new field research will necessarily precede any large-scale teaching program.

The fields we have mentioned are merely illustrative. Well within sight, but in areas not yet closely studied by the Federal Government, are opportunities just as striking. Because the government can often be a source of stimulus to academic institutions wearing the blinders of existing departments and divisions, we think that particular attention should be given to such new topics. Again for illustration only, we suggest that there is great promise in such an emerging subject as the general study of complex systems of action, within which such very large questions as the communication sciences, cognition, and large parts of biology itself might conceivably be treated as special cases.

IX. Separate Research Installations Should be Avoided Whenever Possible

The central proposition of this report is that science and the making of scientists go best together. This means that when it can be managed, basic research should be done in, or at least in association with, universities. Exceptions to this rule are numerous, of course. Some problems, by their nature, require attack in ways that are not suited to university life; and work of the Geological Survey, for example, can hardly be divided among the universities, yet it requires science of high quality, and basic research is essential to the whole undertaking; the same thing is true of many other enterprises of government and industry. Yet we hold to the view that in the absence of special considerations the university is the best place for basic research, and we note that the separate installations which do the best work are, as a rule, those which have a close and effective connection with academic centers; the Geological Survey, in its intimate relation to academic geology, is an excellent case in point.

When a new field of interest becomes urgent, there is always a temptation to believe that a new and separate research installation is the easy answer. In basic research, at least, such a conclusion is usually questionable, and this temptation should be resisted. As a general rule such new undertakings should be made working parts of universities--or groups of universities, if the size of the enterprise justifies the additional administrative trouble involved in such joint ventures.

X. New Research Laboratories for Special Fields Should be Attached to Universities Whenever It Is Practicable, and Universities Should Make Full Educational Use of Such Facilities

Since the beginning of World War II there have developed a number of major research installations which are supported by Federal money and operated by universities or groups of universities. At their best these installations have greatly contributed both to research and to education; we believe that this particular form of partnership between government and universities deserves encouragement and improvement.

We specifically reject the view that such large operations as those of the Ames Laboratory of the Iowa State University are inevitably alien to the university. We believe that great fields of research like nuclear physics simply must not be cut off from universities just because they now require very large instruments and correspondingly large staffs of specialists and technicians. The very difficulties of such large laboratories, in our view, are an argument for strengthening their connection to the universities.

In the best cases these laboratories have had the following advantages from their university connection: they have had the active participation of outstanding university scientists; their own ability to attract first-rate research men has been strengthened by the university's sponsorship; they have been stimulated to high standards of excellence by the standards of the university itself. At the same time the university has benefited from opportunities for research and for the advanced training of graduate students, and its own ability to attract first-rate scientists has been strengthened.

It is true, however, that all such installations have their dangers, and none of them now is perfect. It is essential that the mission of such laboratories be appropriate for university sponsorship. Development as distinct from basic research, and the training of technicians as distinct from graduate education, usually belong outside the university framework. Moreover, the large laboratory confronts the university with problems of policy that are new, and there is a real danger that there will be a destructive separation between university men and laboratory men. When that happens the university loses the opportunity for a great enrichment of its graduate education, and the laboratory loses the stimulus and the support of the university's scientific staff.

We believe that members of such research installations should be more fully associated with teaching in the universities than is now usual and conversely we think the installations themselves should always be full of learning students. All concerned should guard against the dangers of bureaucratized "team research," and the installation should be directed with a steady sympathy for new ideas. Government must avoid policies which make such flexibility difficult, and university faculties must work hard to make members of the laboratories members of the university community as well. We have no sympathy with the academic snobbery which occasionally treats as "outsiders" the members of a large special laboratory. New levels of connection and understanding are needed if we are not to have two mutually repellent races of men in our universities--the teaching faculty and the research staff, It is not enough that a small number of senior professors should preside over both sides of life; the two can be--and must be--connected in many other ways.

XI. Scientists Outside Universities Can Be Fruitfully Connected to Graduate Education

In spite of the basic line of argument we have set forth in this report, American science is and will continue to be much more than the work of universities and directly affiliated laboratories. Great government-supported or government-operated installations like those at Oak Ridge and Bethesda are national assets of high scientific importance, and the same is true of many an industrial laboratory. In some fields of science leadership is no longer clearly in the universities, and basic engineering research often requires kinds of activity that do not fit easily into them. Thus there is a large and growing sector of American science which is not directly included in our central analysis, and the question arises whether in this sector there is anything that can be done to advance the fruitful connection between basic research and graduate education.

We believe that in this area there are indeed important opportunities that require exploration and exploitation by industry, by government, and by universities. Perhaps the simplest notion--and one of the best--is that it should be possible for research scientists in governmental or industrial laboratories to contribute to the graduate programs of nearby universities. This happens now, of course, but it should happen much more often; all parties should be eager to expand the practice. Government and business will serve their own interests by facilitating such teaching even to the extent of helping to pay for it, and universities for their part should be hospitable to qualified men even though they have chosen to pursue their research outside the academic fold.

There are many other avenues of fruitful interconnection between universities and government or industrial scientists: graduate students can learn much from a summer in an industrial laboratory (although such work should not be part of the degree requirements); academic scientists can and do serve with distinction as consultants; a year back at the university can refresh a government scientist, postdoctoral learning can often be done as well at an outside installation as in the university itself. We believe that the interpenetration of academic, governmental, and industrial science is only in its opening stages, and we are sure that those who bravely press the effort to find better connections will be well rewarded. In this effort all concerned must of course protect their own standards and purposes. The university cannot become the servant of a particular company or agency. The industrial research laboratory cannot neglect its own mission. Any good thing, like associating industrial scientists with universities, can be overdone. But once again the right note, we think, is one of hope, not fear.

XII. Postdoctoral Studies Should Be Encouraged and Their Legitimate Costs Recognized

One major element in strengthening both graduate education and basic research can be the postdoctoral fellow, who is ideally equipped to combine research with learning and both with a share of teaching. We believe that the nature of modern science makes it necessary that there should be many more members of this rapidly growing class; both universities and the government should recognize that such postdoctoral work is as necessary, and at least as expensive, as any other form of advanced training. Postdoctoral fellowships may have particular value in the development of new interdisciplinary fields; regular and rigorous exposure to a standard doctoral discipline is often an excellent preparation for entry into subjects which apply the tools of such a discipline to specific problems. The postdoctoral fellow is free to make this important and difficult transition.

It makes no sense to accept responsibilities for other levels of preparation and then to ignore this increasingly important higher level of work. Universities, in particular, should seek ways of budgeting for the cost of postdoctoral education just as they do with undergraduate and graduate instruction. Tuition can as reasonably be charged for one as for the other, and state governments which have accepted the responsibility for meeting the costs of other kinds of teaching will serve their own interests well by making explicit provision for this new and growing form of higher education.

XIII. University Faculties Must be Strengthened

The growth of science depends on good facilities and good students--but most of all upon good scientific faculties. The professor is the heart of the enterprise. Without professors the universities quite simply cease to exist. They are, indeed, so essential that we often tend to take them for granted. In recent years, much good work has been done in calling attention to the shockingly low level of faculty salaries, and improvement is visible. But neither universities nor the Federal Government have yet recognized fully the absolutely focal role of the professor both in research and in graduate education. Both sides believe they understand the point, but both continue to tolerate policies that make it difficult for the country to have the services of an adequate number of adequately supported university scientists.

The characteristic error of most universities is to pay professors too little and to load them unwisely with specific teaching assignments. Of course poverty is a main cause of this error, but equally plainly part of the trouble is in a failure to understand the nature and value of a professor. Universities which pay no more than the market minimum and which make no adequate provision for research will never move into the front ranks, and will not deserve to.

And there is more to it than money and time for research. The really great scientific faculty cannot be the servant of other men--it has to be secure in its own freedom and responsibility. Too many university administrators suppose that faculties can be bought and managed like baseball teams. It is not so. Universities need brave trustees and strong administrators, but in the end they are what their faculties make them. That the United States today has a number of first-rate faculties is our greatest single scientific asset. To sustain them and to provide the conditions for the growth of more is the greatest single task of American university administrators.

In placing first and central responsibility upon the universities here, we do not mean to underestimate the importance of what government does or does not do--quite the contrary. In our judgment the general pattern of Federal support for science has so far developed with very little regard for the problem of building strong faculties, and we think it urgent that careful thought be given to changes in policy that may help the universities discharge this great responsibility. The basic difficulty at present is that most Federal funds are tied to specific research projects in a way which makes it hard for universities, in making long-term appointments, to rely in any way on Federal funds. This difficulty is compounded in some agencies by policies which discourage the use of Federal money to pay the salaries of senior faculty people. We believe that these practices and policies need to be revised in the light of the proposition that nothing is more clearly in the general interest of the Federal Government than a rapid increase in the quality and quantity of the nation's teaching scientists.

We do not venture to prescribe the ways in which the government and the universities can best serve their common interest at this sensitive and highly important point. Experience is a powerful teacher, and so far we have no knowledge of what can happen when the government and the university become jointly concerned with strengthening the ranks of senior scientists in our universities. There are many instruments that can be used here. At one extreme is the relatively simple practice of paying an appropriate share of the salaries of all faculty members engaged in a federally-supported project; we think that this policy should in general be adopted as an interim measure, even though it often has the disadvantage of perpetuating the misleading distinction between "teaching" and "research." At the other extreme is the method, now used in Great Britain, of large general grants for all purposes to all universities; we doubt if any such pattern could or should be accepted here. In between are such devices as the training grant, which can often be used for professional salaries, and the so-called "institutional" grant, in which broadly inclusive support is offered for a relatively large sector--say "biological science"--over a relatively long period of time. We believe that the government and the universities should take energetic measures to put into effect programs in this middle ground, with the specific objective of making Federal money not simply a reinforcement of scientists already holding tenure, but a stimulus and a support in the appointment of more such men. We repeat that in the general interest a rapid increase in the number of such permanent professorial scientists is needed.

We recognise that many university scientists are strongly opposed to the use of Federal funds for senior faculty salaries. Obviously we do not share their believe, but we do agree with them on one important point--the need for avoiding situations in which a professor becomes partly or wholly responsible for raising his own salary. If a university makes permanent professorial appointments in reliance upon particular Federal project support, and rejects any residual responsibility for financing the appointment if Federal funds should fail, a most unsatisfactory sort of "second-class citizenry" is created, and we are firmly against this sort of thing. A variant of this same abuse is the practice of permitting extra pay to faculty members from grants or contracts, during the regular academic year. It seems to us fundamental to the spirit of a university that a man's salary from the university itself should not be supplemented by extra term-time payments for work that is properly part of his professorial responsibilities. (Summer compensation for research work is a separate matter, since most academic appointments plainly leave the summer months free for other activities at additional compensation). Just as a professor should not be responsible for obtaining the funds to pay his regular salary, so also there should be no bonus payment for "landing a contract."

But in our judgment the possibility of abuse is not a good argument against action. We are convinced that when a university is firm in accepting institutional responsibility for payment of all senior salaries, and protects its staff from improper pressures or incentives, it can and should seek Federal support for salaries as for other needed elements in basic research and graduate education.

XIV. Universities Must Attend to These Matters and Especially to Their Relations With the Government

The nation's universities urgently need to improve their own ways of giving attention to the matters described in this report. In general, university administrators need to pay much more attention to the meaning and requirements of the age of science. In particular both administrators and faculty members need to improve their methods of dealing with the Federal Government. Many of the limitations and weaknesses we have found in government programs are the result of failures within the university. There is an urgent need for stronger and clearer voice of higher education in Washington, and in particular there is need for more effective representation of those who are concerned with excellence in basic research and graduate education. Either existing agencies of representation should be greatly strengthened, or new patterns of action should be sought. The choice of means belongs to the universities themselves, but in any event we believe that the leading men in our university faculties and administrations should clearly recognize that a significant investment of their own time and effort will be continuously needed in this process.

XV. The Government Must Strengthen Its Ability to Make Policy in This Area

Today when many separate agencies are deeply involved, when large national interests are at stake, and when programs not carefully coordinated can easily produce waste and even conflict, it is self-evident that the government should have the means for a well-coordinated and powerfully-directed general policy. In our judgment, the final executive authority in this great field must necessarily lie in the office of the President where policy can be made with the advice of the Special Assistant to the President for Science and Technology, the Federal Council for Science and Technology, and the President's Science Advisory Committee.

Under the President's policies, first reliance for designing and operating effective programs in basic research and graduate education in the sciences clearly should rest upon the National Science Foundation and the Department of Health, Education and Welfare. But there is also a need for greater uniformity in the general practices of the many government agencies which support research in the nation's universities. The Federal Council for Science and Technology can usefully serve this end.

We do not presume to define the administrative organization that will best serve to strengthen basic research and graduate education in the nation. We do believe, however, that the President should establish, in whatever way he finds most effective, clear general policies to govern the practices of executive agencies in these areas. Any policy should, of course, be undertaken with full fiscal responsibility, but just as no university can be great if its final decisions are made by the business manager, we believe that the government's programs for the support of science are not likely to flourish if they are determined solely by budgetary considerations which may not recognize longer-range objectives. Moreover, the development of Federal programs to strengthen two such productive national resources as basic research and graduate education should allow for early and careful discussion with university leaders as well as for advice from research scientists outside the universities. The basic requirement is a policy of general and growing Federal support both for basic research and for graduate education. Nothing less will do, if we mean to keep the position of world leadership in basic science which we now enjoy.

XVI. Increased Government Activity Is Not a Good Ground for Lessened Efforts by Others

We have urged in this report that the government should accept growing responsibility for effective support of graduate education and basic research. Our reasoning is pragmatic, not doctrinaire: government must do these things because by their size and nature no other agency can. But there is no reason to suppose that it will be good for the government to act alone, or for the rest of the forces in our plural society to stand aside. On the contrary, there is every reason for private and state funds to be sought, as eagerly and urgently as ever, and the very fact of increasing Federal support makes such other help an important safeguard against the possibility of undue government influence. In the same way, the government's own plurality of agencies is valuable, in spite of the occasional confusion and duplication it can cause. Even in the best of worlds there will be things which government money cannot or does not do, and private philanthropy will always be greatly needed in the whole field of scientific research and teaching.

PART THREE - RECOMMENDATIONS

The following recommendations grow out of the preceding parts of this report; they indicate the lines of development which we think urgent in the immediate future. But for the reader who may turn only to the recommendations, we wish to emphasize that the record of this country in basic research and graduate education is not one of failure. American science is second to none in the world, and the Federal Government, on balance, has played a highly constructive role in supporting it. Most of our specific recommendations are based on our respect for the best existing practices of particular agencies of government or particular universities. These recommendations are not intended as criticisms of what has been accomplished, but as proposals for still greater accomplishment in the future.

General Recommendations:

1) In view of the growing importance of scientific research to national security and welfare, all parts of the national community should assume a greater responsibility for supporting, strengthening, and expanding basic research and graduate education.

2) In science the excellent is not just better than the ordinary; it is almost all that matters. It is therefore fundamental that this country should energetically sustain and strongly reinforce first-rate work where it now exists.

3) It is of equal importance to increase support for rising centers of science. Over the next fifteen years the United States should seek to double the number of universities doing generally excellent work in basic research and graduate education.

4) It should be a general basis of policy and action that basic research and the education of scientists go best together; that they are inseparable functions of universities; that in graduate education the training of scientists involves research; and that the strength of scientific research grows out of research training in institutions of higher education.

5) To attract more talented young people to science as a career, both undergraduate colleges and the Federal Government should give urgent attention to the quality of collegiate instruction in the sciences. Here again research and teaching need to be connected wherever possible, so that both teachers and students may have the opportunity for learning by scientific inquiry. Better salaries, increased time for research, rising support for facilities and equipment, and modernization of curriculum--all are needed in undergraduate colleges.

6) Both the universities and the Federal Government should be energetic and imaginative in seeking effective ways of identifying and supporting new fields of basic research and in supporting the training of scientists in such fields. Many research opportunities are emerging in new fields that are essentially interdisciplinary; these require special efforts by universities to encourage new programs. The Federal Government should stimulate and support such programs where there is clear evidence that the institutions are prepared to establish programs of graduate education fully connected with the new research.

7) State, local and private resources are needed on a large and growing scale to meet the needs and opportunities in basic research and graduate education. While this report emphasizes the responsibilities of universities and the Federal Government, the very fact of growing Federal activity makes it urgent that state, local and private efforts also be increased, for, especially as concerns private efforts, there will always be much that the government either does not or cannot do.

Recommendations for Universities

1) Universities must continue and expand their efforts to pay proper salaries, provide adequate time and opportunity for research, and maintain an atmosphere of free learning and investigation.

2) Universities should recognize that graduate education in the sciences needs constant modernization.

3) University programs in graduate education should ordinarily include experience in both research and teaching, whether the student is headed for academic work or for industrial or governmental research. Such experience should be of a sort which advances the scientific effectiveness of the graduate student; it should not be limited to drudgery in support of the research or teaching of senior faculty.

4) Universities should give increased recognition to postdoctoral opportunities for promising students. Appropriate budgetary arrangements should be made for this form of education.

5) Universities should make full educational use of affiliated research installations. These installations should always be available to learning students, and members of research staffs should, wherever possible, be associated in the teaching processes of the university itself.

6) Universities should strengthen their faculties for both research and graduate teaching by accepting and using Federal as well as non-Federal support for faculty salaries.

7) The university community as a whole has a duty to inform the

government clearly and in detail of the nature and needs of basic research and graduate education. There is urgent need for strengthening the quantity and quality of representation of universities before both the Congress and the Executive Branch.

8) Universities should accept primary responsibility for ensuring that their growing partnership with the government reinforces their freedom and excellence.

Recommendations for the Federal Government

1) Federal support for basic research and graduate education in the sciences should be continued and flexibly increased so as to support excellence where it already exists and to encourage new centers of outstanding work.

2) The Federal Government should continue and enlarge the practice, now followed with great success in a few agencies, of providing research support over long terms and for broad objectives.

3) Once support is granted, the Federal Government should not seek to supervise technical operations directly. Complete scientific responsibility for all phases of a research operation should remain with the universities. Here again the best practice of the most effective agencies is a good model for the government as a whole.

4) We repeat the recommendation of an earlier report that "Government departments and agencies concerned should uniformly modify the grant and contract provisions to permit universities and non-profit research institutions to charge full cost of research performed for the government--

including overhead--and to amortize capital expenditures as an allowable cost."[6]

This recommendation has been implemented to some extent, but still requires further attention if we are not to undermine the strength of the institutions which perform the needed research. Unless research is to be cut back, the recommendation does imply increased expense; as funds increase, the further implementation of this recommendation should have very high priority.

5) Since the Federal Government has a deep interest in a rapid increase in the quality and quantity of the nation's teaching scientists, its agencies should in general seek forms of support for basic research and graduate education which will permit universities to enlarge their permanent faculties. In particular, the government should allow charges against all Federal grants and contracts for time spent by faculty members on work so supported. (However, no such charges against grants and contracts should be permitted for extra compensation to individual faculty members during the regular academic year).

6) Federally-supported fellowship programs should be expanded just as fast as truly promising candidates can be found. Fellowships should be provided both directly to talented graduate and postdoctoral students, and also to selected universities for allocation to promising applicants. They should include a supplementary grant based on the full cost of such education.

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[6] Strengthening American Science, p. 34

Such programs should not exclude the student from part-time assignments in research or teaching or from payment for such services when it is appropriate.

7) Federal support of facilities and equipment should be provided for both basic research and graduate education so as to increase the quality and quantity of research results and the number of trained scientists. Since the need for buildings and equipment is urgent, these should have high priority for the present. When the Federal Government has a particular interest in an installation of more than local importance, it should expect to meet all or nearly all the cost of the undertaking. In other cases, the practice of sharing the costs of facilities and equipment between the Federal Government and other sources should be encouraged, for the present at least, since it stimulates other sources of support and ensures that the receiving institutions have a serious commitment in the field concerned.

8) In the assignment of funds for basic research, the government should seek to promote the essential connection between the conduct of research and the training of scientists. Where it is feasible, new undertakings should be established in, or in close association with universities, and the great influence and effectiveness of basic research in existing government installations should be increased where possible by improving its connection to graduate education and to university scientists.

9) The government should strengthen its ability to establish general policies governing its support of basic research and graduate education at

universities. These policies should be formulated under the leadership of the office of the President utilizing appropriate advisory machinery. The planning of Federal programs in these areas should allow for early and careful discussion with university leaders.

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UNITED STATES MISSION

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Oct. 6, 1960

To : Ambassador Wadsworth

From : R. F. Pedersen

Memo for Cabinet Meeting

1. President Eisenhower's Address: The President's speech was very well received because of its conciliatory nature and because it put forward constructive proposals for U.N. action and offered U.S. support behind them. We anticipate a successful follow-up under the item we subsequently introduced.

2. Khrushchev: Khrushchev has launched a three-pronged attack in the U.N. One prong is a full scale cold war attack on the U.S. - U-2, RB-47, US policy on disarmament, racial problems in the U.S., U.S. as the source of economic imperialism, etc. The second prong is a full scale assault on the U.N. - a call for the Secretary General to resign, a demand for a veto in the Secretariat by creation of a three-man executive (a Western, a Communist, and a neutral member), and sharp attack against the U.N. for keeping them out of the Congo. The third prong is an appeal to the neutrals and Africans through calling for an immediate end of colonialism and for immediate total disarmament.

[redacted]

3. Castro: Castro made an effective verbal attack on the United States which impressed many delegates, including the new Africans, at the time. Our brief reply was well received and we are circulating a documented reply. Castro's effect was probably transitory, particularly as he and Khrushchev went out of their way to associate themselves with each other.

4. [redacted]

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NSC letter 3/29/77
NLE Date 4/18/77

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5. Macmillan and Diefenbacher: Both Prime Ministers made excellent impressions and gave staunchly pro-Western speeches. Macmillan's speech was especially well received.

6. Initial Developments in G.A. The opening developments of the General Assembly have been generally salutary for the United States and rebuffs to the USSR.

a. The General Assembly opened under the impact of the Emergency Session which passed a resolution by 70-0 with 10 abstentions (Soviets and France) in effect telling the USSR to stay out of the Congo.

b. Boland of Ireland was elected President over Nosek of Czechoslovakia with 46 votes on the first ballot.

c. The Soviets were not successful either in persuading Sir Claude Corea (Ceylon) to give up the first committee in favor of Nosek.

d. The Soviet item on "threats to the Territorial Integrity and Independence of the Congo" was changed, with neutral leadership and support, to "The Situation in the Congo."

e. Soviet efforts in the General Committee to put their anti-US item, their disarmament item, and their colonial item in plenary were rejected by the Committee. The General Assembly will undoubtedly support this, with the possible exception of the colonial item.

7. Five Power (Nehru et al) Resolution on Eisenhower-Khrushchev Meeting. This proposal was one of the most difficult proposals we will have to face this year. There were two factors which made it extremely hard to handle: (a) There is a widespread feeling, which Khrushchev's antics in the General Assembly bolstered, that unless the President and Khrushchev sit down together promptly the world may drift into war. (b) the proposal came from Nehru (and other chiefs of state) and in a year when the "neutralists" are being greatly augmented by new African states nobody, including our closest allies such as Norway and the U.K., wanted to offend them.

Prime Minister Menzies' effort to restore the balance was a tactical mistake because his amendments were too pro-Western. Efforts to produce other compromises broke down, largely because of Norwegian unwillingness to stand up against INdia. Amb. Amadeo (Argentina) was our most consistent supporter. His motion for a separate vote on the reference to the President

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and to Khrushchev allowed us to suppress the most difficult part of the resolution, whereupon Nehru withdrew it.

The vote produced some disquieting developments including a deliberate attempt by Menon to overthrow the rules, a vote by the African states against the President and in support of India, and a sharp break in Latin American support for the U.S. position.

We do not think that the African vote was anti-U.S.; it was a vote in favor of a Khrushchev-Eisenhower meeting. The break in Latin America, on the other hand, reflected some clearly neutralist tendencies.

8. Chinese Representation: We will win the Chinese representation issue again this year but the margin will probably be closer than last year. The new African states hold the balance of power on the moratorium and we could not hold it another year if they vote against us. The large number of speeches in favor of Communist China's admission has had an effect on African representatives in New York, while those supporting us are extremely reluctant to speak.

9. Congo: The Congo issue must be won in the Congo. The Secretary General concurs with our view that only a non-Lumumba government can bring the Congo into real statehood. However, Lumumba has the support of Ghana, Guinea, the U.A.R., Morocco, and the Communists. Other Africans would probably break away from Ghana and Guinea on this but only if they have another clearly constituted and reasonably effective government in the Congo to support. When we have such a government - and we are approaching it - we can force the representation issue in the U.N.

There is little else that the General Assembly is likely to do on the Congo.

10. New Members: It is still too early to tell how the new members will act. Cyprus has already shown itself to be pro-West. The French community states have already shown they intend to follow at least African - not French - policies. There is much latent opposition to Ghana and Guinea, which may appear in public before the session is over. And Nigeria, which should be a reasonably moderate state and a natural leader, is just being admitted.

/11.

[redacted]

11. General Prospects: The general prospects are good. We are in our most difficult period now. When the chiefs of state depart and we return to normal procedures we expect further improvement. The U.S. should be able to get satisfactory results on the items of most interest to us - the President's African initiative and disarmament. Our most difficult future item will undoubtedly be Algeria, which the most careful thought must be given lest we seriously alienate African attitudes toward us. We should weather the Soviet onslaught successfully, and should be able to build a groundwork this year on which we can build in the future.

RFPedersen:ctt

[redacted]

October 6, 1960

TO : Ambassador Wadsworth

FROM : R. F. Pedersen

MEMORANDUM FOR CABINET MEETING

1. President's Speech. Well received for moderation and constructive proposals. We should be able to get good support on African item.

2. Khrushchev. Frontal attack on U.S., UN, and bold appeal to underdeveloped countries under items on disarmament and immediate independence. Overplaying hand and tactical error in attacking SYG but frightening many delegates.

3. Castro. An effective speech against U.S. Our reply well received. Effect probably transitory.

4. Nehru, Nkrumah, Sukarno, Nasser, Tito. Nehru was the most neutral of this group, Nkrumah most pro-Soviet. Tito gave a straight communist speech.

5. Macmillan and Diefenbacker. Both excellent pro-Western speeches.

6. Initial Developments. Consistent success for U.S.: Boland elected; Nosek unable to displace Sir Claude Corea; Soviet motions to put disarmament, anti-U.S. item and colonial item in Plenary defeated in General Committee; SYG fully supported.

7. Five-Power (Indian) Resolution. This probably our most difficult issue this year because of (a) widespread fear that if there is not meeting of President and Khrushchev, world may drift toward war; and (b) extreme reluctance to oppose anything Nehru put forward. Issue finally won by deletion reference to President and Khrushchev whereupon Nehru withdrew resolution. Solid African support for resolution probably not anti-U.S. but only pro - Eisenhower-Khrushchev meeting, but shows Africans do not follow France.

8. Chinese Representation. We will win, but probably by closer margin than last year. Africans hold balance of votes on moratorium and if they shift next year, we could not hold present position.

9. Congo. Governmental Issue must be won in Congo, not at UN. If there is a clearly constituted, effective Government in Congo we can undoubtedly get it seated in UN even over Ghana-Guinea objections, but until then considerable pro-Lumumba sentiment will prevail. (The UN has prepared the way for a good Government by keeping the Russians out.)

/10. New Members.

[redacted]

10. New Members. Too early to tell how they will go. Undoubtedly will be primarily neutralist but there is anti-Ghana and anti-Guinea sentiment. Nigeria may also make a difference.

11. General Prospects. We are just finishing most difficult period. With 5-Power resolution and Chinese Representation out of way, and most Chiefs of State gone, we should have smoother sailing. We should win on 2 items of most interest to us - President's African proposals and disarmament. Algeria will be extremely difficult and we must avoid alienating African sentiment through our actions and vote on this issue.

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Notes for Remarks of Secretary of the Treasury,
Robert B. Anderson, before the Cabinet, Friday,
October 7, 1960.

I. The New Economic Environment

A. For first time in 20 years (except for three mild and short-lived recessions) we are reasonably free from strong inflationary pressures and psychology. This has resulted primarily from:

1. The impressive shift from a $12.4 billion budget deficit in fiscal 1959 to a $1.1 billion surplus in fiscal 1960.*

2. The achievement of adequate productive capacity in basic industries, both here and abroad, for first time in 20 years.

II. Implications for Current Economic Situation

A. With businessmen confident that they can get goods on almost a moment's notice, and with no fear of future shortages or price rises, a huge adjustment in inventory spending has been taking place as businessmen have attempted to reduce inventories in order to hold down bank loans and to invest in short-term Government securities.

1. Inventory accumulation at an $11.4 billion annual rate in first quarter, now estimated to be close to zero.

B. This $11 to $12 billion decline in inventory spending one of largest in postwar period, but this time has not been accompanied by declining levels of output, employment, and income. E.g.,

1. GNP in 2nd quarter at peak rate of $505 billion, up $17 billion from year earlier; GNP in 3rd quarter expected to be very close to 2nd quarter level (but probably down slightly).

2. Industrial production only slightly below January peak and, excluding iron and steel, exceeds first quarter level.

3. Employment in August at record for month, but seasonally adjusted unemployed up a little.

4. Personal income at new peak of $407.6 billion (annual rate) in August.

5. —

C. Thus, strong case can be made for view that inventory adjustment of 1960 has occurred in lieu of the fourth postwar recession.

*

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III. Important Factors in Business Outlook

A. An adjustment in inventory spending is by its nature self-correcting, so long as final demand from consumers, business, government, and foreigners holds up. Prospects for final demand in near future:

1. Total government spending (Federal, State and local) expected to rise, especially for highways and defense.

2. Latest Commerce-SEC Survey indicates business spending for new plant and equipment steady at near-peak level for rest of 1960.*

3. Boom in Western Europe and Japan continues to promote strong demand for U. S. products.

4. Thus consumer, who accounts for about two-thirds of gross national spending, is big factor. What will he do?

   a. Some caution on part of consumer, probably reflecting uncertainties of election year, concern about international situation, and decline in stock prices.

   b. Still, total retail spending (18.2 billion in August) at high level, although slightly below spring months. (Department store sales appeared to drop sharply in early September, but rebounded just about as strongly in latter part of month. Early reports on auto sales for September look good.)

   c. Most important: Consumer income position strong, as reflected by gains in personal income. Consumer satisfaction with income and financial position generally confirmed in recent surveys.

B. Impact of easing of monetary policy clearly discernible and expansionary.

1. Interest rates have declined significantly since first of year.

2. Supply of credit fully adequate to finance business projects, State and local government spending, and residential and other construction.

   a. Bond issues of corporations and of State and local governments seem to be rising significantly.

   b. Easier mortgage credit has helped sustain level of housing starts.

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c. Construction contract awards for nonresidential construction showed strength during summer,

d. Dollar volume of new construction rose slightly in September.

3. Total bank loans and investments up sharply since mid-year, even though business loan expansion less-than-seasonal consistent with inventory adjustment.* Both loan and investment expansion especially strong in September. (Since mid-year, total loans and investments of larger commercial banks up almost $3½ billion, as contrasted with a small decline in year-ago period.).

4. Money supply has grown at annual rate of about 3 percent since May, and much sharper rise now expected for September. (Note: While this would have been worrisome a year ago, can now absorb such an increase because of idle plant capacity and level of unemployment.)

Stability [illegible] trade
& other groups
Brokers [illegible] on
Bldg. Chi. Boston
N. Jersey, Texas, Mass.
[illegible] Spring

IV. Evaluation

A. The preceding review points to an underlying business situation of fundamental strength, justifying optimism for the future. *

B. Still, a number of professional economists now seem to believe that a recession has begun or is imminent. They have raised questions about the preceding analysis of the following types:

1. "The 1960 inventory adjustment still has a long way to go, because very little, if any, net decrease in inventories has yet occurred. In earlier postwar inventory adjustments, inventories declined for several months before situation was fully corrected. For example, they declined for 13 consecutive months in the recession of 1957-58."

Comments:

a. An adjustment in inventory spending, to be effective, need not result in an actual decrease in inventories; it is the level of inventories relative to demand that is important. A decline in inventory accumulation in the face of a sustained level of demand can be just as effective in correcting an "over-inventoried" position as an absolute decline in inventories in the face of declining demand.

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b. The 1960 situation much different from earlier adjustment periods, particularly that of 1957-58. In 1957-58, decline in inventory spending only one of several factors contributing to economic downturn. E.g., Federal spending for goods and services declined in early stages of the downturn and, more importantly, business spending for new plant and equipment fell by more than $8 billion during the recession. Today, Government outlays rising and business spending for new plant and equipment spending not nearly so vulnerable (see below).

c. New orders to manufacturers rose slightly in August, an encouraging sign.

2. "The squeese on corporate profits, the existance of considerable idle capacity, and the generally pessimistic feeling of businessmen point to a sharp drop in business plant and equipment spending in 1961."

Comments:

a. It is true that we have idle capacity, but not nearly so much as might be assumed if the steel production rate is taken as an indicator. Other industries generally operating at considerably higher rates, and should also note that ideal operating range is not 100 percent capacity, but somewhat lower (perhaps around 85 to 90 percent).

b. A much larger portion of business plant and equipment spending today is for modernization and cost-cutting, as contrasted with expansion. To this extent, squeeze on profit margins can tend to stimulate such expenditures. Foreign competition also stimulates cost-cutting expenditures.

c. Today a larger portion of plant and equipment expenditures internally financed, particularly from depreciation reserves; thus such spending less vulnerable than that which has to be financed through sale of stock or bonds. That is, businessmen more likely to continue programs if internally generated funds available than if they have to finance externally.

3. "Rising personal income cannot be viewed as an important factor of strength in the business picture. It rose strongly in 1957 through August, the month the recession set in."

Comment:

While it is true that personal income rose strongly during first 8 months of 1957, the increase was more apparent than real, because consumer prices were also rising. In 1960, the rise in personal income is largely real, because consumer prices have risen by only a small amount.

4. "The outlook for a rise in steel output is still gloomy, especially in view of the fact that the new auto model year began with record inventories on hand."

Comments:

a. Steel consumption has exceeded production by a substantial margin for several months, with the result that steel inventories of fabricators have fallen to very low levels. If final demand is maintained reasonably well, the ultimate upward impact on steel production could be substantial. *

b. Auto inventories as the new model year began were at record levels, but the most recent reports for sales in September were quite favorable, pointing to good progress in working down inventories of 1960 models and good public reception thus far of 1961 models.

V. Conclusion

Judgments of reasonable men on so complex a matter as the economic situation can, of course, differ. But the weight of evidence points to the basic underlying strength of the economy in this new economic environment. *

Approved by Secretary Anderson 9:30 AM 10/10/60

~~Additions to the~~ Notes ~~for~~ of Secretary Anderson's Remarks at Cabinet, October 7, 1960

✓ **Insert after I(A)1:**

In fact the ~~improvement~~ shift in the interest rate picture began not in April or May or June, but immediately following the President's initial statement describing what we planned for FY 1960.

Add under II-B:

GNP

5. ~~Productivity~~ GNP has not gone down, ~~so there could be expected to be some slippage~~.

[illegible]

Add to C:

What we have right now therefore is really just what we want of our economy: a high level of economic activity without inflation.

Add to III-A-2:

This is not over-building, however; most of this spending is for repair and modernization of existing plant.

Substitute for first sentence in III-A-4-b:

Total retail spending in August was $18.2 billion--only a little lower than the spring months. This is significant because the spring (and Christmas) months are usually peaks, and August is usually a slack period in retail sales.

Add ahead of "supply" in III-B-2:

The Federal Reserve actions to liberalize the availability of credit take a while to filter through the banking system but the "filtering" is now working rapidly with the result that there is a...

Add after "adjustment" in III-B-3:

Business is in fact borrowing for positive purposes--not just for tax anticipation or inventory accumulation.

Add to IV-A:

In the short term, the outlook is good. For the long-term, the outlook for a sustained period of economic growth without inflation is the best it has been in a quarter-century.

Add to IV-B-4-a:

Steel imports have dropped off. Some American firms gambled on the steel strike's not being settled in January and committed themselves to a heavy amount of steel imports. They lost the gamble and lost profits but those import contracts are only now running out.

Add at end of V:

Chairman Martin agrees: if one asks himself "Would he rather be where we were a year ago with boom and inflation or where we are now?" the answer is that now is a far healthier time.

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2. The achievement of adequate productive capacity in basic industries, both here and abroad, for first time in 20 years.

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A. With businessmen confident that they can get goods on almost a moment's notice, and with no fear of future shortages or price rises, a huge adjustment in inventory spending has been taking place as businessmen have attempted to reduce inventories in order to hold down bank loans and to invest in short-term Government securities.

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B. This $11 to $12 billion decline in inventory spending one of largest in postwar period, but this time has not been accompanied by declining levels of output, employment, and income. E. g.,

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3. Employment in August at record for month, but seasonally adjusted unemployed up a little.

4. Personal income at new peak of $407.6 billion (annual rate) in August.

5. GNP has not gone down despite the heavy shift in inventory accumulation.

C. Thus, strong case can be made for view that inventory adjustment of 1960 has occurred in lieu of the fourth postwar recession. What we have right now, therefore, is really just what we want of our economy: a high level of economic activity without inflation.

III. Important Factors in Business Outlook

A. An adjustment in inventory spending is by its nature self-correcting, so long as final demand from consumers, business, government, and foreigners holds up. Prospects for final demand in near future:

1. Total government spending (Federal, State and local) expected to rise, especially for highways and defense.

2. Latest Commerce-SEC Survey indicates business spending for new plant and equipment steady at near-peak level for rest of 1960. This is not over-building, however; most of this spending is for repair and modernization of existing plants.

3. Boom in Western Europe and Japan continues to promote strong demand for U. S. products.

4. Thus consumer, who accounts for about two-thirds of gross national spending, is big factor. What will he do?

a. Some caution on part of consumer, probably reflecting uncertainties of election year, concern about international situation, and decline in stock prices.

b. Total retail spending in August was $18.2 billion--only a little lower than the spring months. This is significant because the spring (and Christmas) months are usually peaks, and August is usually a slack period in retail sales. (Department store sales appeared to drop sharply in early September, but rebounded just about as strongly in latter part of month. Early reports on auto sales for September look good.)

c. Most important: Consumer income position strong, as reflected by gains in personal income. Consumer satisfaction with income and financial position generally confirmed in recent surveys.

B. Impact of easing of monetary policy clearly discernible and expansionary.

1. Interest rates have declined significantly since first of year.

2. The Federal Reserve actions to liberalize the availability of credit take a while to filter through the banking system but the "filtering" is now working rapidly with the result that there is a supply of credit fully adequate to finance business projects, State and local government spending, and residential and other construction.

   a. Bond issues of corporations and of State and local governments seem to be rising significantly.

   b. Easier mortgage credit has helped sustain level of housing starts.

   c. Construction contract awards for nonresidential construction showed strength during summer.

   d. Dollar volume of new construction rose slightly in September.

3. Total bank loans and investments up sharply since mid-year, even though business loan expansion less-than-seasonal consistent with inventory adjustment. Business is in fact borrowing for positive purposes--not just for tax anticipation or inventory accumulation. Both loan and investment expansion especially strong in September. (Since mid-year, total loans and investments of larger commercial banks up almost $3-1/2 billion, as contrasted with a small decline in year-ago period.)

4. Money supply has grown at annual rate of about 3 percent since May, and much sharper rise now expected for September. (Note: While this would have been worrisome a year ago, can now absorb such an increase because of idle plant capacity and level of unemployment.)

IV. Evaluation

A. The preceding review points to an underlying business situation of fundamental strength, justifying optimism for the future. In the short term, the outlook is good. For the long-term, the outlook for a sustained period of economic growth without inflation is the best it has been in a quarter-century.

B. Still, a number of professional economists now seem to believe that a recession has begun or is imminent. They have raised questions about the preceding analysis of the following types:

1. "The 1960 inventory adjustment still has a long way to go, because very little, if any, net decrease in inventories has yet occurred. In earlier postwar inventory adjustments, inventories declined for several months before situation was fully corrected. For example, they declined for 13 consecutive months in the recession of 1957-58."

Comments:

a. An adjustment in inventory spending, to be effective, need not result in an actual decrease in inventories; it is the level of inventories relative to demand that is important. A decline in inventory accumulation in the face of a sustained level of demand can be just as effective in correcting an "over-inventoried" position as an absolute decline in inventories in the face of declining demand.

b. The 1960 situation much different from earlier adjustment periods, particularly that of 1957-58. In 1957-58, decline in inventory spending only one of several factors contributing to economic downturn. E. g., Federal spending for goods and services declined in early stages of the downturn and, more importantly, business spending for new plants and equipment fell by more than $8 billion during the recession. Today, Government outlays rising and business spending for new plants and equipment spending not nearly so vulnerable (see below).

c. New orders to manufacturers rose slightly in August, an encouraging sign.

2. "The squeeze on corporate profits, the existence of considerable idle capacity, and the generally pessimistic feeling of businessmen point to a sharp drop in business plant and equipment spending in 1961."

Comments:

a. It is true that we have idle capacity, but not nearly so much as might be assumed if the steel production rate is taken as an indicator. Other industries generally operating at considerably higher rates, and should also note that ideal operating range is not 100 percent capacity, but somewhat lower (perhaps around 85 to 90 percent).

b. A much larger portion of business plant and equipment spending today is for modernization and cost-cutting, as contrasted with expansion. To this extent, squeeze on profit margins can tend to stimulate such expenditures. Foreign competition also stimulates cost-cutting expenditures.

c. Today a larger portion of plant and equipment expenditures internally financed, particularly from depreciation reserves; thus such spending less vulnerable than that which has to be financed through sale of stock or bonds. That is, businessmen more likely to continue programs if internally generated funds available than if they have to finance externally.

3. "Rising personal income cannot be viewed as an important factor of strength in the business picture. It rose strongly in 1957 through August, the month the recession set in."

Comment:

While it is true that personal income rose strongly during first 8 months of 1957, the increase was more apparent than real, because consumer prices were also rising. In 1960, the rise in personal income is largely real, because consumer prices have risen by only a small amount.

4. "The outlook for a rise in steel output is still gloomy, especially in view of the fact that the new auto model year began with record inventories on hand."

Comments:

a. Steel consumption has exceeded production by a substantial margin for several months, with the result that steel inventories of fabricators have fallen to very low levels. If final demand is maintained reasonably well, the ultimate upward impact on steel production could be substantial. Steel imports have dropped off. Some American firms gambled on the steel strike's not being settled in January and committed themselves to a heavy amount of steel imports. They lost the gamble and lost profits but those import contracts are only now running out.

b. Auto inventories as the new model year began were at record levels, but the most recent reports for sales in September were quite favorable, pointing to good progress in working down inventories of 1960 models and good public reception thus far of 1961 models.

V. Conclusion

Judgments of reasonable men on so complex a matter as the economic situation can, of course, differ. But the weight of evidence points to the basic underlying strength of the economy in this new economic environment. Chairman Martin agrees: if one asks himself "Would he rather be where we were a year ago with boom and inflation or where we are now?" the answer is that now is a far healthier time.

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS BY SECRETARY OF THE TREASURY ROBERT B. ANDERSON, GOVERNOR FOR THE UNITED STATES, AT THE JOINT MEETING OF THE BOARD OF GOVERNORS OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL MONETARY FUND, AND THE INTERNATIONAL FINANCE CORPORATION, SHERATON-PARK HOTEL, WASHINGTON, D. C., 10:00 A. M., EDT, WEDNESDAY, SEPTEMBER 28, 1960.

In many ways the past year has been one of continued economic and financial progress. As the Annual Report has stated, world industrial production and trade have increased and there has been broad success in sustaining expanded output and real income within the framework of reasonable price stability. These gains have not been shared by all countries, however, and continued relative weaknesses in the markets for some primary products and foodstuffs have presented serious problems for a number of the less-developed countries. Even in these cases pressures have been eased by sharp recovery in industrial countries in 1959 and continued high levels of economic activity in 1960.

The work of the Fund during the year focused on several matters which are of great interest to the United States. We welcomed the Executive Board's decision on discriminatory restrictions last October, which recognized that progress toward general convertibility of currencies had very largely eliminated the basis for discriminatory restrictions on payments. In the past two years we have come much closer to the end of the post-war period which in the field of international finance was characterized by widespread discrimination, especially directed at the dollar area. The Fund deserves a great deal of the credit for the concerted and successful effort which has been made to reduce restrictions and eliminate discrimination. Some discriminatory restrictions still remain, however, and we hope that the Fund and the members will devote attention to rapid completion of the task of doing away with them.

In another important decision foreshadowed at the last Annual Meeting the Executive Board in June agreed on the guidelines which might be useful to members as they consider undertaking all of the obligations of Article VIII. We can anticipate that during the coming year a number of additional countries will take that action, which will be especially important as a formal evidence of the approach to full convertibility of currencies.

In the past year, Fund members in very large part completed the process of increasing the resources of the Fund, which had its inception in the resolution adopted by this Board at the New Delhi meeting in 1958. Scarcely half a dozen members have not yet consented to quota increases, and some of them are in the process

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of taking the necessary legislative and administrative action. We may therefore anticipate that very nearly all Fund members will in the end consent to quota increases. This near-unanimity of ction is another important recognition by members of the great sefulness of the Fund. The increase in resources has put the Fund in a much better position to deal with the exchange shortages which from time to time confront individual countries, and with broader difficulties in the field of foreign exchange.

To my mind, one of the most heartening and important aspects of the work of the Fund is its patient, close and intensive collaboration with members in efforts to achieve financial stabilization. Countries have long needed an impartial and reliable ally in the struggle against financial instability and the inflation which accompanies it. The Fund has demonstrated that it is such an ally and we can draw great encouragement from the fact that members from all parts of the world continue to turn to the Fund for support and technical advice. There has been evident and encouraging progress in stabilization during the year, and we have reason for much satisfaction that so many countries -- industrial and less-developed alike -- have participated in these vital efforts to establish and maintain sound and reliable currencies. Substantial completion of the task of dealing with excess internal liquidity inherited from World War II and resulting from inflationary practices, and the ivent of much wider convertibility, have helped create the more avorable conditions for success which have emerged in the past few years.

I agree with the general conclusion in the Annual Report that the policies of the Fund relating to the use of its resources continue to be appropriate and beneficial. They comprise a successful merging of two important considerations. On the one hand, members must have assurance that Fund resources are available to them when need arises. On the other hand, the Fund must have assurance that members are taking reasonable and effective steps to deal with the causes of imbalance and to maintain or re-establish internal and external stability. The wide range of members which have drawn on the Fund year by year, and the great variety of circumstances under which they have drawn, serve as good evidence that Fund resources are fulfilling the purposes for which they have been subscribed.

We have studied with close interest the consideration given in the Annual Report to broad developments in balances of payments and in the levels of reserves. I shall shortly have something to say about what has happened in the United States in this respect during he year. But it may be noted at this point that international iquidity improved during 1959. The increase in Fund resources was, of course, one element in this improvement. Other important aspects were the growing strength of the reserve positions of industrial countries and the continuing relaxation of exchange restrictions, and particularly restrictions on movements of capital. These favorable developments have meant that the free world's banking system, which plays such an important role in the financing of international trade in goods and services, has been able more effectively to add to international liquidity when it is needed.

During the year there has been much discussion of the way in which the international financial system is functioning. A number of suggestions have been made for changes which might be made in that system. My own conclusion is that the international system has continued to function efficiently in financing trade and providing increased freedom of movement of short-term funds among a widening group of convertible currencies. This emerging convertibility, together with the renewed vigor of commercial banking institutions in the international field and the strengthening of the Fund resources, has contributed to the flexible and smooth operation of the system. Taken as a whole, the system has been able to finance a growing volume and value of world trade in commodities and services, and to provide stand-by and emergency assistance to countries in need of it. We are not confronted with any immediate need to consider changes in the system as a whole or in the International Monetary Fund.

Less rapid progress has been made in the field of longer-term financing of economic development. In my remarks a year ago I pointed out that there must be a re-orientation of the policies of the earlier postwar period and a new determination by all the industrial countries to face the common obligation to share in the task of providing capital to the less-developed parts of the free world. Since that time the large capital-providing nations have made a step forward in the formation of the Development Assistance Group, the third meeting of which will take place next week, where means and techniques for speeding up the flow of capital to the less-developed countries will be under active discussion. However, a number of industrial countries have continued to increase their reserves and certain ones have accumulated substantial gold and foreign exchange holdings. This is particularly true of the Federal Republic of Germany. It therefore becomes even more vital than before for the strong surplus countries to take adequate steps to facilitate the movement of international capital on longer terms to the less-developed areas of the world. I believe it is considerably more important to seek ways to deal with this problem than to concern ourselves at this time with proposals for new facilities which may build still larger accumulations of a liquid character.

One fundamental point must be re-emphasized -- and on this I believe there is general agreement. The international financial system should and does provide help in times of emergency and assist countries which are striving to deal with their own problems. But I am sure we have all learned that there is an inexorable rule applying to all countries. Regardless of the technical and mechanical aspects of the international financial system, each country is always confronted with the stern necessity of achieving and maintaining reasonable equilibrium in its own balance of payments. Each capital-exporting country -- whether it is in over-all surplus or deficit -- must achieve reasonable balance over time between its current receipts from abroad and its current expenditures abroad plus the total which it is prepared to lend, invest, and provide through grants. And each capital-importing country must strive for a reasonable equilibrium between its net current deficit and the amount which it can reasonably expect to obtain from abroad in the form of loans and grants.

I should like again this year to describe briefly the present course of economic and financial event in the United States, and to report on the way our balance of payments appears to be developing, as we approach the end of the third quarter of 1960.

In evaluating the performance of the United States economy thus far in 1960, as well as prospects for the future, it is essential to maintain perspective. Excessive optimism, colored some forecasts early in the year and some observers have now [illegible] ~~reversed~~ their opinions and suggest that the economy is trending downward. While judgments of reasonable men can differ, it is my strong view that the outlook for economy activity in this country is favorable, both for the near future and for many years ahead.

Unquestionably, there are some sectors of our economy which give concern. The problem of unemployment is still troublesome and deserves continued attention, especially in those areas which have not shared fully in national gains because of special circumstances. In addition, steel production has continued at a low level relative to our greatly enlarged productive capacity. But, especially considering the fundamental readjustments that have been taking place in the United States economy in 1960, it can be said that our enterprise system has once again demonstrated its great underlying strength and resilience.

In speaking of fundamental readjustments in our economy, I refer to the fact that the economic environment of 1960 is a new environment. After almost twenty years of recurrent inflationary pressures, it is understandable that a free economy would have to undergo some deep-seated adjustments once appropriate fiscal and monetary policies had struck down both the fear and the fact of inflation. It is indeed heartening that, despite the impact of this adjustment to a new economic environment, total output and the income of individuals have advanced to all-time peaks. Moreover, civilian employment in August established a record for the month, with over a million more persons employed than a year earlier. Industrial production, which has been most directly affected by the adjustments occurring this year, has shown little change. In the aggregate it is only slightly below its January peak and, when production of iron and steel is excluded, is somewhat above the first quarter level.

The most important single fact leading to the decline in inflationary expectations was the realization, last January, that the $12.4 billion Federal deficit of fiscal year 1959 would be replaced by a surplus in fiscal year 1960. This surplus actually totaled $1.1 billion. Thus, the domestic economy is now functioning without the dangerous stimulus of inflationary expectations or fears of shortages. Businessmen can now make plans and calculate costs on the basis of a reasonably stable dollar.

This is precisely what we have been striving for throughout the postwar period. It is precisely what is required if this Nation is to achieve the maximum rate of sustainable economic growth without inflation.

As reflected in business attitudes and practices, the major impact of this fundamental readjustment to the decline in inflationary pressures and expectations has been on business spending for inventories -- that is, buying of goods for industrial use or resale. In the first quarter of 1960, businesses were accumulating inventories at the near-record annual rate of $11.4 billion. This rapid rate of accumulation was partly the result of resumption of steel output after a long strike, and partly the result of expectations of limited supply, rising prices, and vigorous demand in 1960. But, as it became clear in ensuing months that most industrial goods and materials would continue to be readily available at reasonably stable prices, the rate of accumulation began to decrease. The available evidence now indicates that inventories are no longer rising but are perhaps declining slightly. Over-all, therefore, the annual rate of inventory spending has fallen by $11 to $12 billion. This sharp decline in inventory spending is the key fact in our domestic business picture and accounts for the relative stability of industrial production in 1960, despite a substantial expansion in final demand.

It is highly significant that the recent decrease in inventory spending is even larger than the drop in inventory buying in 1957-58, which was the most important factor depressing spending and output at that time. It is apparent, therefore, that in the past eight months we have experienced another major postwar shift in inventory spending. But in contrast to some of the earlier experiences -- notably, 1948-49, 1953-54, and 1957-58 -- the recent inventory adjustment has proceeded smoothly and, of primary importance, has been offset by strong final demand. Even with this major shift in inventory spending, total economy activity, measured by gross national product, has risen in 1960.

The inventory adjustment appears now to be nearing completion. Business spending for new plant and equipment, according to the latest Government survey, continues at a high and sustained level. Governmental spending for goods and services, embracing State and local as well as Federal outlays, continues to advance. Recent surveys indicate that consumer buying plans were well maintained during the summer and that consumers increasingly regard their financial positions as favorable. As already noted, personal income has continued to rise and, with inflation under control, rising personal income means rising purchasing power for the consumer.

Of considerable importance from a financial standpoint has been the significant easing of monetary policy in recent months, which was appropriate in view of the shift to a budget surplus and the accompanying decline in inflationary pressures. The Federal Reserve authorities have twice reduced the rate of interest on loans to member banks; margin requirements for stock market loans have been lowered; reserve requirements of member banks have been reduced; and, of primary importance, the reserves of the banking system have been supplemented through purchases of Government securities.

The results of these monetary actions are clearly discernible. Since May, the privately held money supply, which had been declining, has grown by more than $1 billion, or at an annual rate of about 3 percent. Time deposits in banks and share accounts in savings and loan associations, which constitute important types of "near-money," have also been increasing at a substantial rate. Business loans at banks have not grown as much as usual since mid-year, largely due to the decline in inventory spending, but banks have used the additional reserves to add significantly to their holdings of Government securities and other liquid assets. Interest rates have declined from the peaks of early winter.

The easing of credit and the decline in interest rates are encouraging new long-term bond flotations by State and local governments and business corporations, and the Treasury has succeeded in extending a significant amount of its intermediate-term debt to longer maturity, through an advance refunding. Credit to support residential and other construction is more readily available, at lower interest rates. This in turn has helped sustain the level of housing starts. Construction contract awards have also increased recently. Thus, the outlook for a rising volume of construction is favorable.

These facts, in my judgment, reflect the basic underlying strength of the United States economy. The adjustments that our economy has undergone this year provide the base for a long period of sustainable, non-inflationary growth. Primarily because of effective attention to our domestic fiscal and monetary policies, we can view the future of our economy with confidence.

Let us now turn to the United States balance of payments. You may recall that the United States balance of payments showed an over-all deficit of $3.5 billion in 1958 and $3.8 billion in 1959. You may also recall that this very unsatisfactory situation resulted from three main factors. First, our merchandise imports had increased very sharply from a level of around $13 billion per year to more than $15 billion in 1959. Secondly, our merchandise exports had declined from more than $17 billion in 1956 and $19 billion in 1957 to $16 billion in 1958 and 1959. Third, three important elements in our balance of payments were large and, in view of our general international responsibilities, were not susceptible to easy adjustment. These three elements were military expenditures overseas, a net outflow of U. S. private capital, and government loans and grants. These have in total ranged about $8 billion in recent years.

What has been happening in 1960? First, our exports at mid-year were running at an annual rate of about $20 billion, which was equal to the peak reached in 1957 and up almost one-fourth from the level of 1958 and 1959. There has been good progress in expanding our exports, covering a very wide range of commodities and markets. With imports at about the same level as in 1959, our net export surplus is accruing at an annual rate of more than $4 billion, exceeded in the past decade only in 1956 and 1957. But the movements of capital and other non-trade items have left us with an over-all payments deficit which appears to be running this year at an annual rate of something like $3 billion. This is a substantial deficit, even though it represents a reduction from the deficit of $3.8 billion recorded in 1959.

The outflow of gold continued in 1960, and has now reached about $700 million. In the same period foreign countries increased their total holdings of short-term dollar claims, and the gold flow has generally reflected the normal reserve practices of foreign financial institutions.

During 1960, short-term interest rates have moved sharply and in some cases in opposite directions, notably downward in the United States and upward in the United Kingdom and Germany. We cannot expect that liquid funds would be unresponsive to these changes, and, as I have just mentioned, there has been a substantial outflow of short-term funds from the U. S. chiefly to Europe, although some of it comprises a U. S. liquid claim on other countries.

We have made real progress toward the continuing and essential objective of reasonable equilibrium in our balance of payments. But we have not reached that objective. As we advance toward it, our aim is to merit continued confidence at home and abroad. We shall do this by resolute adherence to domestic and foreign economic and financial policies which will maintain the dollar at its existing gold parity as a sound and reliable currency. However, I should like to venture a little broader comment. International trade is increasing and the interdependence of the economic and monetary policies of all nations is becoming ever more apparent. This obliges all of us as we frame and pursue our policies to realize that the free countries of the world must have the common objective of maintaining stability and convertible currencies, and must keep ever in mind that the actions of each affects and concerns all of the others.

We are taking certain steps, notably in expanding our export insurance facilities and in more intensive display of our products overseas, to encourage our exporters to search more actively for markets. We believe they are doing so with good results. In this connection, we hope and expect that other countries and groups of countries, such as the European Common Market, and the European Free Trade Area, will pursue liberal commercial policies with respect to imports from the rest of the world. This is especially needed with respect to agricultural products. The negotiations which have recently started in Geneva will be concerned with the tariffs of the Common Market as well as those of other countries in the GATT, and will provide an opportunity for real progress in that direction. We have high hopes for a successful outcome.

I have so far been talking about the United States balance of payments. Last year I mentioned the very large payments surpluses which a number of other industrial countries were recording not only with the United States but also with the less developed countries, and I ventured to say that this did not represent a satisfactory pattern of world payments and could not be expected to persist. I am glad to see that the Annual Report has very properly directed attention to this important imbalance in international payments arising out of the continuing payments surpluses of these industrial countries. This is a most important, indeed a crucial, problem now facing us in world finance. Both the less-developed countries and the strong industrial countries have a vital and mutual interest in bringing about a more reasonable equilibrium in the payments relationships between these areas. One important need is an increase in the flow of capital, and particularly of long-term capital, from these countries to the less-developed areas, which I have already mentioned. Another form of adjustments of a mutually beneficial character could result from the expansion of imports of goods and services by the surplus countries from the less-developed areas and from the United States as well. As one example, consideration could be given to reducing internal taxes on commodities imported from the less-developed countries.

We are very acutely aware of the importance of securing for ourselves that freedom of action which is essential if we are to use fiscal and monetary policy flexibly as a major means of dealing with both inflationary and deflationary forces. This is another and very important reason which will impel us over the years through proper policies to maintain a sound balance of payments position and an adequate reserve level. We rely on our large reserves to provide this freedom of action, and we have exercised it during 1960 as we have applied our fiscal and monetary policies. But we can preserve it over the long run only as we succeed in our objective to achieve and maintain a reasonable equilibrium in our balance of payments.

The free world is moving through an epoch of vastly significant economic, social and political events. In every field -- health, technology, transportation, social welfare -- new achievements stream from the minds and the labor of men. People who in the past could expect little of life see horizons of which they never dreamed; they are moved by aspirations which they never before dared to have. Out of this has appropriately emerged a surging demand for higher living standards and a drive for the economic development which will make them possible. This drive is pressing on the resources of all countries, because in even the most highly developed there is a demand for improved production facilities, better roads, more schools and hospitals, and more housing.

All of this is of the most intensely practical concern to us, as Treasury officials and as central bankers. We have a vital role to play in the fulfillment of this compelling urge for economic expansion. On the one hand, we must encourage adherence to the time-tested rule that economic and social progress and sound currencies are inseparable -- that one cannot exist without the other. On the other, we must demonstrate that our financial and monetary policies and institutions, operating within a free economic system, can contribute to the objectives of economic growth, social progress, and the security of the free world, and thus help meet the great challenges of our time.

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CA - 60-159

November 9, 1960

The White House

Washington

THE CABINET

Agenda

11:30 A.M., Wednesday, November 9, 1960

1.	Preparatory Arrangements for Turn-Over of Executive Responsibility	CP - 60-110/1	The President
2.	Cuban Refugees in Florida	CI - 60-72	The Deputy Assistant to the President for Interdepartmental Affairs

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

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November 9, 1960

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THE CABINET

Preparatory Arrangements for Turn-Over of Executive Responsibility

For consideration by the Cabinet, attached is a memorandum which is proposed for transmittal by the President to the Heads of Departments and Agencies.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Consideration

11/8/60

DRAFT OF SUGGESTED STATEMENT BY THE PRESIDENT

Governor Collins of Florida recently sought my assistance in problems relating to more than 30,000 Cuban refugees now in this country, most of whom are located in the Miami area. A similar request was made by the Cuban Refugee Committee, a group of Miami citizens. I at once had some preliminary inquiries made about the situation.

This problem should, of course, be dealt with so far as feasible locally, but further examination of it is required to assess the extent and acuteness of the situation and to determine what steps may be needed to deal with it adequately. While such a study must be thorough, it is also essential that it be made very promptly.

It has long been the policy of the United States to grant asylum to refugees fleeing from political persecution and oppression. In the case of Cuba, the U. S., for the first time in a great many years is the country of first asylum for a large number of refugees who have sought a safe haven on our shores.

If Federal action should prove to be needed, it would of course be limited solely to refugee assistance on a humanitarian basis.

For the above reasons, I have asked Tracy S. Voorhees to act as my personal representative to look into the situation for me and report, and meanwhile to be of such informal assistance as he can to the Governor, local officials and the citizens of Florida, who have so far carried the entire responsibility.

I have asked Mr. Voorhees to undertake this assignment because of his experience in refugee matters, particularly in acting as my representative for the Hungarian refugees and as Chairman of the President's Committee for Hungarian Refugee Relief.

Mr. Voorhees has agreed to serve, and has requested that this be without compensation and without appointment to any official position. He has asked former President Hoover to act as his adviser, and Mr. Hoover has consented to do so. Mr. Voorhees is already at work.

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CI - 60-72

November 8, 1960

The White House

Washington

THE CABINET

Cuban Refugees in Florida

For information of Cabinet members, attached is a background factual paper which pertains to one of the matters to be discussed at the Cabinet meeting at 11:30 AM on November 9.

The statements in this paper are as accurate as present information can guarantee; they have been drawn from a number of sources and from several of the Departments most directly involved in the problem to date.

Recommendations to the President with respect to this situation will be presented orally at the Cabinet meeting by the Deputy Assistant to the President for Interdepartmental Affairs.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Information

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CI - 60-72

November 8, 1960

The White House

Washington

THE CABINET

Cuban Refugees in Florida

Immigration of Cubans to the United States

Since 1950, Cubans have immigrated to the United States and have become United States citizens as follows:

Year	Immigrated	Naturalized
1950	2,179	718
1951	1,893	775
1952	2,536	817
1953	3,509	982
1954	5,527	1,482
1955	9,294	1,921
1956	14,953	1,372
1957	13,733	1,344
1958	11,581	1,323
1959	7,021	1,319
TOTAL	72,226	12,053

Under the Alien Registration provisions of the Immigration and Nationality Act, nationals of Cuba registered on January 1, 1960, amounted to 65,000 permanent residents, which represents immigrants from that country who have not become citizens, died or abandoned their residence here since initial immigration. Of that figure, slightly less than one-half were located in the State of Florida. The growing number of Cuban immigrants in this country and in Florida has been a gradual development since the close of World War II. The problems created by this immigration, if any, are part of a continuing, long-range adjustment of alien groups within the United States and the adjustment by United States communities to the influx of an alien population.

Cuban Tourists in the United States

Tourism, (as opposed to immigration) has been popularly considered in this country as a one-way street of American citizens visiting Cuba. There has been, rather, since the beginning of this decade particularly, a strong tide of visitors from Cuba to this country, notably in Florida and concentrated in the greater Miami area. Prior to January 1, 1959, Cuban tourists in the United States spent more in this country in food, accommodations, and purchases than United States tourists spent in Cuba.

CABINET PAPER

For Information

1959-1960 Developments

Since January 1, 1959, a newer problem has been created and its duration uncertain. On that date the government of Cuban President Batista abdicated and he and the upper echelons of his government fled to the Dominican Republic. On the same day, the first of the fugitives arrived in Florida by air and small craft. These were lower echelon members of the government and others closely connected with the Batista party. For the next few months refugees continued to arrive who were in varying degrees connected with the Batista elements. Thereafter, as disenchantment with the new power in control in Cuba grew ore of the rank and file with less political connection have been applying for admission.

Since January 1, 1959, the issuance of tourist visas to Cubans has continued at substantially the same rate as in earlier years and arrivals of Cuban nationals maintains the same rate (slightly in excess of one thousand per week) as formerly. But the available funds in possession of the "visitor" and the willingness and ability to return after a normal visiting period have undergone great changes.

Castro has also begun to impose exit permit controls more strictly and now attempts through this device to prevent the departure of any more persons who can contribute to the Cuban economy. Nonetheless there are still long lines waiting at the American Embassy.

Of the estimated forty-thousand Cubans in the United States today other than as immigrants, the breakdown is as follows, in round numbers:

Aliens paroled	1,500
Found technically deportable	6,000
Presumed technically deportable, not yet processed	2,500
Maintaining visitor status	30,000

Of this last group, approximately 80% were originally admitted to the Florida area and the bulk of them have continued to remain there. Efforts by the Immigration Service to remove a dozen of the leading ex-associates of Batista from the State of Florida were enjoined by the United States District Court in Miami. Efforts to encourage their dispersal to other parts of the country have largely been unsuccessful, based on various factors:

(a) lack of funds; (the Cuban Government now allows a tourist to bring only $5.00 with him; tourists can no longer draw upon funds at home.)

(b) the existence in Florida of an established Latin-American colony -- including relatives and friends who have been providing housing and maintenance up to now.

(c) desire to remain close to Cuba to

1) await entry of other friends or relatives still in Cuba,

2) return to Cuba promptly in event of changed conditions.

The first group mentioned above (parolees) consists of those who upon arrival could not meet the technical requirements for admission as immigrants or as visitors -- usually because they were without any documentation -- but who requested asylum because of their fear to return to Cuba. These persons came as regular passengers on ships or planes or came across in smaller, private craft as passengers, crewmen, stowaways or commandeers. Every such request has been honored and all are free to engage in any activity or reside in any area of the country, to the same extent as any permanent resident alien, until such time as the situation has materially changed. The one obligation that these people have is to keep the Immigration authorities advised of their change of location -- and this may be done by mail.

The second class (found technically deportable) consists of aliens who had originally been admitted as visitors for a specific period of time and who have committed some technical violation of the terms of their admission -- usually by accepting employment. As these cases come to the attention of the Immigration Service it is converting their classification to what is technically described as "voluntary departure". Originally they are given a period of six months, which is automatically extended in increments of six months. The Immigation and Naturalization Service has no intention of forcing the departure of any of these aliens and it is presently in the process of converting these cases to "unlimited voluntary departure". As with the first class, these Cubans are free to engage in any activity or to reside in any area of the country, to the same extent as a permanent resident alien, subject only to the obligation to keep Immigration authorities advised of their change of location.

The third class is identical with the second in all respects except that they represent a backlog of "unprocessed" cases.

The fourth class ("maintaining visitor status") is composed of Cubans who are here within the period of time for which they were initially admitted or to which extensions of tourist privileges had been authorized. Some of these people have funds or relatives who can help to care for them. As tourists they are not permitted to work. If, however, they appear at Immigration offices they can be immediately granted permission to work, have their tourist permits stamped, and treated exactly as the members of the other three classes. There is no abandonment by them, as a result of this action, of an intention eventually to return to Cuba voluntarily. There is no reason for them to fear that this action will result in any effort to return them to Cuba against their will.

Needs and Problems of the more than 30,000 Cubans who are in effect "refugees":

Composition

These people are almost exclusively Spanish-speaking, include many family groups with children. There is a high proportion of white collar and professional people. There are many diverse political factions and there are no generally recognized local leaders. Most of these people apparently do not want to move away from Florida or to "resettle" permanently but rather to return to Cuba "as soon as the government changes."

Housing

Most of the Cubans who can be classified as refugees have moved into the homes of established residents of the Latin-American community of Miami where they are creating a "ghetto" which is greatly overcrowded; has caused deterioration of real estate values; and is potentially dangerous to health. No figures are known.

Medical

There have been very few demands on the hospital facilities of the city.

Welfare

There has not yet been a single welfare application made to the City Welfare Board. Any request by Florida for federal surplus agricultural products would be honored, but none has as yet been made.

Florida citizenship is by law a prerequisite to welfare. Federal public assistance grants (for the four purposes of old-age assistance, aid to dependent children, aid to the blind and aid to the permanently and totally disabled) are made to States and operate in accordance with State laws.

Dade county has a general assistance program administered by the Dade County Public Welfare Department which gives assistance to people not eligible for the four Federally aided categories. There are no Federal funds available to the States for general assistance, and in Florida this program is wholly locally administered and financed.

Florida has very broad enabling legislation relating to cooperation with the Federal Government and acting as the agent of the Government for expenditure of Federal funds for public welfare purposes. Under State law the State Department of Public Welfare is the administrative agent for the State government in this cooperative relationship. (NOTE: On several occasions in the past, there have been Federal funds of an emergency nature available and the Department of Health, Education, and Welfare and its predecessors have been able to make agreements with States in which they act as agents of the Federal Government for expenditure of the Federal funds according to Federal rules without local restrictions on assistance. Such agreements are entered into, for example, in regard to emergency financial assistance and clothing delegations under the Civil Defense Program. This, of course, is prospective as there have not been any funds appropriated. Earlier programs under such agreements were Civilian War Assistance during and after World War II and assistance to the families of enemy aliens. Florida is one of the States that has operated under such agreements and presumably could do so if funds were available for the current type of situation.)

Education

There are approximately two thousand Cuban students in the elementary and secondary schools of Dade County. There is a non-resident fee requirement of $50.00 for attendance. Over half of the Cuban children are beneficiaries of fee waivers. With the cost of educating a public school pupil over $350.00, the School Board estimates it is expending about $100,000 extra for the Cuban refugee children. Nonetheless there are still many more who are not in school and both church and police authorities have expressed concern at the potential juvenile delinquency situation.

Employment

The Florida State Employment Service is presently training applicants for the seven new staff officers expected to be added to the Miami staff as a Cuban Refugee Emergency Employment Center opening November 21. Very few job opportunities probably can be offered to the Cubans in view of the list of unemployed Floridians the office has on file. (The Governor estimates state unemployment at 80,000 citizens.) An interstate clearance procedure will be used to locate jobs elsewhere with special emphasis on the professional classes, such as the estimated one hundred doctors in the Miami area. (Florida does not allow such professional men to practice without citizenship.)

The Cubans want to get jobs but are afraid that applying for work will cancel their "tourist" status. (It will, but INS is granting them permission to work and is making no deportations.)

They are further afraid that known employment in the U. S. could be used as a pretext for expropriation at home. Thus desperate for "off the record" work, the Cubans are targets for exploitation in wages and working conditions. With many of the Cubans, especially the well-educated white-collar groups, it appears to be a matter of pride that they should not look to the public authorities for assistance.

Statistics

A prime need at present is for more basic information about the 30 thousand Cubans: not only their employability and professional skills, but what is their housing, family size, financial condition, medical need, education for children? Such questions go beyond those normally asked by local employment Service Offices, or collected by regular Federal information-gathering procedures.

Actions Taken To Date

The regional offices of the Immigration Service and of the Bureau of Employment Security have been working closely on this problem as part of their normal activities.

The State and local officials consider that since the Cubans are remaining in the United States as a result of federal asylum policy, the federal government should in some measure share the burden of handling them.

The local officials in the Miami area have organized a Cuban Refugee Committee and have "in terms of the greatest urgency" requested the President to "join . . . in determining the dimensions of the problems and the extent of need for material assistance, employment or such other means as will both be of practical aid to these our Cuban friends and will maintain the position of honor and respect abroad which we cherish for our country." On receipt of their letter, the White House called a meeting here under Mr. Merriam's chairmanship at which the local and State officials from Florida presented their facts and problems directly. Attending the meeting were Governor Collins, (who has twice called for assistance from the White House) and representatives from the two Florida Senators' offices, from the House Committee on the Judiciary and from the four federal Departments primarily concerned: State, Justice (INS), Labor and Health, Education and Welfare. A follow-up meeting was convoked in Miami attended by local officials and representatives from Justice, Labor and HEW headquarters.

Other individuals and groups have expressed their concern at the growing dimensions of this problem: the City Manager of Miami, the International Rescue Committee and the U. S. Committee for Refugees.

Security

The State and local authorities are acutely concerned at the threat of violence among the various factions. There is much talk about "reinvading Cuba" and it is possible that some of the Cubans are more agitators than bonafide refugees. Responsible U. S. officials admit that the problem of internal U. S. security is always heightened in a situation such as the one now prevailing. In Miami itself police have been put on an emergency basis and have been attempting to thwart military training programs by various Cuban groups. It should be noted that the former Castro Cuban Ambassador to England recently announced that he was going to help prepare a counter revolution and that he expected to recruit some of his "forces" from the Miami refugees.

Role of Voluntary Welfare Organizations

The local resident Latin population has social and fraternal groups but no welfare organizations as such.

It is understood that the local Catholic Church is engaged in some welfare work already.

National voluntary agencies up to now have been wary of getting into this new problem; most of their efforts and personnel for handling refugees have been in overseas operations. Among the agencies which would be most concerned is the National Catholic Welfare Conference. Informal contact has been started with certain of the interested national voluntary agencies.

It is reported that the Catholic Center in Miami has been flooded with over two thousand looking for jobs and is daily ministering to the wants of some of the refugees.

CABINET PAPER—PRIVILEGED

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RA - 60-159

November 9, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Wednesday, November 9, 1960:

1. Preparatory Arrangements for Turn-Over of Executive Responsibility — CP - 60-110/1

ACTION:

a) Cabinet Paper 60-110/1 was approved.

b) The President particularly emphasized the instructions in the paragraph at the top of page 2.

c) The President underscored the importance of General Persons' being

-- the initial point of contact for all arrangements under this paper, and

-- the officer to whom any subsequent questions of implementation or interpretation should be addressed.

d) The President suggested that any requested "briefings" should:

-- be reserved for those incoming people who are going to bear responsibility;

-- deal primarily with administrative matters until the recipients have taken oaths of office; and

-- should not become occasions for the proffering of outside advice on matters which will, until January 20, 1961, remain the constitutional responsibility of the President, e.g., the FY 1962 budget.

e) The Chairman of the Civil Service Commission will be available to consult with Cabinet members and agency heads and their Administrative Assistant Secretaries with respect to career and non-career executives in various Classification Act categories.

f) The Cabinet Paper, excepting the text of the telegram when released, is to remain a privileged document and is to be retained in the personal custody of the recipients.

2. Cuban Refugees in Florida CI - 60-72

ACTION: a) The President approved the designation of Mr. Tracy S. Voorhees as his personal representative to look into the situation respecting Cuban refugees in the United States and to bring back a private report to the President. The United States Government cannot, in the eyes of the world, appear to remain aloof to humanitarian needs of this sort.

b) The President requested the Secretary of State to explore the possibility of other OAS countries such as Mexico absorbing some of the refugees under proper screening procedures.

3. The FY 1962 Budget

ACTION: a) The President vigorously affirmed that he was going to submit a balanced budget in January for FY 1962. Extreme efforts of "prestige" value are less important than the confidence of the nations of the world that the United States is a country which pays its debts.

b) In accordance with the above, the Cabinet noted the statement by the Director of the Bureau of the Budget that, in the process of preparing a balanced budget for FY 1962, all agency estimates, including those on which preliminary agreements have been reached, will have to be reviewed with special care.

4. The FY 1961 Budget

ACTION: The Cabinet noted the announcement by the Director of the Bureau of the Budget that he is in touch with Cabinet members and agency heads with respect to actions, perhaps of a drastic sort, which may need to be taken to reduce spending and increase revenues to meet the President's objectives for FY 1961.

Robert Gray
Secretary to the Cabinet

Approved by the President

November 17, 1960

CP - 60- 110/1

November 9, 1960

The White House

Washington

THE CABINET

Preparatory Arrangements for Turn-Over of Executive Responsibility

The President-elect will undoubtedly wish to appoint representatives to prepare for the exercise of Executive responsibilities following January 20th. It will be the policy of this Administration to cooperate in this matter, with the double objective of facilitating an orderly transfer of responsibility on that date, while maintaining until then, without compromise, Executive authority and responsibility in this Administration. Under the Constitution, there can be no "sharing" of responsibility with the new Administration prior to that time.

The following telegram, sent to the President-elect, sets out the broad pattern of arrangements:

> "I refer to my initial telegram to you, sent a few hours ago. I would like you to know that I stand ready to meet with you at any mutually convenient time to consider problems of continuity of government and orderly transfer of Executive responsibility on January 20th from my administration to yours. In the meantime--or even in lieu thereof -- in order to facilitate and prepare for this transfer, I would be happy to have one of your assistants meet with my principal staff assistant, Wilton B. Persons, to whom I am assigning coordinating responsibility. He will be prepared to make arrangements by which representatives designated by you could meet with the present heads of the Executive Departments.
>
> "Meetings of this kind over the coming weeks with the Director of the Bureau of the Budget might, for example, be important in providing information to you concerning the budget now in preparation. In addition, the Secretary of State will be prepared for meetings to provide information on foreign policy activities on which there will be special need for continuity until you shall have had opportunity, after inauguration, to arrange these matters to your satisfaction."

Contact by representatives of the President-elect within the Executive Branch is to be limited and controlled. Normally, no more than one designated representative, who may of course be the individual intended for appointment to the Cabinet post in the new Administration, should be in contact in any Department, and arrangements should first be cleared with General Persons; within the Department, contacts with the representative should be as directed and controlled by the head of the Department, and should normally be limited to senior or policy-level personnel. The representatives of the President-elect will be there to observe and to receive appropriate information. Obviously, there is to be no general movement into the Executive Branch by personnel from the Administration to come.

Documentary material is to be furnished to these representatives only as approved by the Department head concerned, and in accordance with security regulations where classified material is involved.

The foregoing is to guide this Administration, with Department heads bearing responsibility for their Departments. In case of questions, General Persons should be consulted before action is taken.

November 15, 1960

General Goodpaster:

Attached is the Record of Action from last Wednesday's Cabinet meeting which I would appreciate your sending to the President in the next pouch.

Robert Gray

gs

RA - 60-159

November 9, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Wednesday, November 9, 1960:

1. Preparatory Arrangements for Turn-Over of Executive Responsibility **CP - 60-110/1**

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b) The President particularly emphasized the instructions in the paragraph at the top of page 2.

c) The President underscored the importance of General Persons' being

-- the initial point of contact for all arrangements under this paper, and

-- the officer to whom any subsequent questions of implementation or interpretation should be addressed.

d) The President suggested that any requested "briefings" should:

-- be reserved for those incoming people who are going to bear responsibility;

-- deal primarily with administrative matters until the recipients have taken oaths of office; and

-- should not become occasions for the proffering of outside advice on matters which will, until January 20, 1961, remain the constitutional responsibility of the President, e.g., the FY 1962 budget.

e) The Chairman of the Civil Service Commission will be available to consult with Cabinet members and agency heads and their Administrative Assistant Secretaries with respect to career and non-career executives in various Classification Act categories.

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ACTION: a) The President approved the designation of Mr. Tracy S. Voorhees as his personal representative to look into the situation respecting Cuban refugees in the United States and to bring back a private report to the President. The United States Government cannot, in the eyes of the world, appear to remain aloof to humanitarian needs of this sort.

b) The President requested the Secretary of State to explore the possibility of other OAS countries such as Mexico absorbing some of the refugees under proper screening procedures.

3. The FY 1962 Budget

ACTION: a) The President vigorously affirmed that he was going to submit a balanced budget in January for FY 1962. ~~The "prestige" value of such programs as putting a man in space, for instance, is less~~ important than the confidence of the nations of the world that the United States is a country which pays its debts.

Extreme efforts of "prestige" value are less, etc.—

b) In accordance with the above, the Cabinet noted the statement by the Director of the Bureau of the Budget that, in the process of preparing a balanced budget for FY 1962, all agency estimates, including those on which preliminary agreements have been reached, will have to be reviewed with special care.

4. The FY 1961 Budget

ACTION: The Cabinet noted the announcement by the Director of the Bureau of the Budget that he is in touch with Cabinet members and agency heads with respect to actions, perhaps of a drastic sort, which may need to be taken to reduce spending and increase revenues to meet the President's objectives for FY 1961.

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

November 9, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Meeting for This Morning

The agenda for this morning's meeting has not been circulated in advance, but is as follows:

1. **Preparatory Arrangements for Turn-Over of Executive Responsibility** (The President)

The draft memorandum which you and Mr. Kendall have gone over is under Tab 1. This draft will have been handed around at the Cabinet table this morning but has not been given any advance circulation.

Also under Tab 1 for your reference are Cabinet Papers of last June on this subject, and your Press Conference Statement on transition dated July 6.

2. **Cuban Refugees in Florida** (Mr. Merriam)

Mr. Merriam has briefed you on this subject; under Tab 2 is a background factual paper. Also attached (without having been given advance Cabinet circulation) is a draft White House statement concerning Mr. Voorhees -- which has been composed by him.

Mr. Merriam will make oral recommendations in the course of his presentation this morning.

Robert Gray

CABINET PAPER—PRIVILEGED

Property of the White House—For Authorized Persons Only RA - 60-160

December 23, 1960

The White House

Washington

THE CABINET

Record of Action

The following is the action taken on the items presented at the Cabinet meeting of Tuesday, December 20, 1960:

1. Communication Satellite Development CP - 60-112

ACTION: a) Cabinet Paper 60-112 was approved by the President with the following understandings:

i) Modifications proposed by the Secretary of State and agreed to by the Administrator of the National Aeronautics and Space Administration will be included.

ii) In implementing this policy, the National Aeronautics and Space Administrator will consult closely with the other agencies affected by these developments, e.g., State, Defense, OCDM and FCC.

b) The Administrator of the National Aeronautics and Space Administration will prepare for the President's consideration a draft public statement on the policy now approved.

2. OPERATION ALERT, 1961 CP - 60-111

ACTION: Cabinet Paper 60-111 was approved, the President emphasizing the importance of early liaison with the incoming Administration on this and other matters in the OCDM area.

3. Administration Accomplishments

ACTION: Each Cabinet member and Agency Head should submit to the Deputy Assistant to the President for Interdepartmental Affairs by December 27 a draft resume of the accomplishments of his Department or Agency over the last eight years -- a resume not to exceed three thousand words in length.

ADDITIONAL ITEMS:

A. Report on the NATO Meetings

Information item only.

CABINET PAPER
For Action

Robert Gray
Secretary to the Cabinet

Approved by the President

December 23, 1960

CABINET PAPER—PRIVILEGED

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CA - 60-160

December 16, 1960

The White House

Washington

THE CABINET

Agenda

9:00 AM, Tuesday, December 20, 1960

1.	Communication Satellite Development	CP - 60-112	The Administrator, National Aeronautics and Space Administration The Deputy Administrator, NASA
2.	OPERATION ALERT, 1961	CP - 60-111	The Director, Office of Civil and Defense Mobilization
3.	Administration Accomplishments	(Oral)	The Deputy Assistant to the President for Interdepartmental Affairs

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

Return to Bob Gray --

No Cabinet this week.

fh -- 11/29/60

THE WHITE HOUSE
WASHINGTON

December 19, 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cabinet Agenda for Tuesday, December 20

1. Participation of Private Industry in U. S. Communications Satellite Programs (Dr. Glennan)

Dr. Glennan will describe both the technical and policy situation to the Cabinet in accordance with his meeting with you today.

2. OPERATION ALERT, 1961 (Governor Hoegh)

Governor Hoegh has asked to present the OCDM recommendations on the guidelines and timing for OPERATION ALERT, 1961. This much lead-time is required in order to make the necessary arrangements with state and local governments and among the many Federal agencies. He has circulated a brief paper setting forth his proposals.

3. Administration Accomplishments (Mr. Merriam)

Mr. Merriam will suggest the method he would like each Cabinet Member to use in compiling the final listing of the eight-year accomplishments of his Department.

Robert Gray
Secretary to the Cabinet

~~SECRET~~

CABINET PAPER—PRIVILEGED CP - 60-112

Property of the White House—For Authorized Persons Only December 14, 1960

The White House

Washington

THE CABINET

Communication Satellite Development

For consideration by the Cabinet, attached is a paper prepared by the Administrator of the National Aeronautics and Space Administration.

The paper consists of a covering Memorandum to the President and a (Secret) basic document as its attachment.

The recommendations being made at this time are set forth in the Memorandum to the President.

The Administrator and the Deputy Administrator of the National Aeronautics and Space Administration will present this paper at the coming Cabinet meeting using visual materials to illustrate the technical points mentioned in the early part of the document.

The recipients of this paper are requested to take special precautions to safeguard the security and privilege of this paper.

Robert Gray
Secretary to the Cabinet

CABINET PAPER
For Consideration
~~SECRET~~

DECLASSIFIED
Authority DOD ltr 3/25/75, NASA ltr
Date 4/14/75
By DJH, NARS Date 6/11/76

NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION

December 19, 1960

MEMORANDUM FOR THE PRESIDENT

I have attached hereto a memorandum entitled "Communication Satellite Development" which sets forth the various factors having a direct bearing upon the practical application of space technology for long distance communication purposes. This memorandum is intended to provide a factual background to the executive action proposed by NASA for your approval as follows:

(1) There appears to be no compelling reason for this nation to depart from its traditional policy of conducting international telephone, telegraph and other communications services through private enterprise subject to Governmental regulation. Accordingly, the utilization of satellite systems for revenue producing purposes should be undertaken by private enterprise.

(2) It will be the responsibility of NASA to develop the application of space technology to non-military, civil communications requirements. This responsibility for research and development will not include the establishment or operation of a commercial satellite communications system.

(3) In carrying out its responsibility NASA will initiate the competitive selection of contractors for Government-financed research and development and will proceed aggressively to encourage private enterprise to commit private resources to the development of commerically operational communication satellite systems.

(4) For the foreseeable future it will be necessary for the Government to control the launching of spacecraft for civil communications purposes and NASA will be the agency responsible for such control. Authority to make frequency allocations and license private companies as common carriers will remain with the Federal Communications Commission, and NASA will conduct its activities to avoid encroachment upon the statutory jurisdiction of that Commission.

(5) For the foreseeable future it will be necessary for the Government to be intimately aware of and to participate in the making of arrangements with other nations for cooperation in technical areas relating to the development of satellite systems for civil communications purposes. NASA, in appropriate association with the Department of State and the Federal Communications Commission, and working with interested industrial organizations, will have the prime responsibility for assuring conformity with technical and operational requirements.

(6) NASA and the Department of Defense will develop their respective programs consistent with the principle that NASA has responsibility for non-military, commercially oriented developments and the Department of Defense has responsibility for developments necessary to meet military requirements. It is expected of course that each of these efforts will produce results helpful to the other. For the present, NASA will continue its activities toward the development of passive satellites, like Echo I, and will accelerate the development of low orbit active satellites; the Department of Defense will continue its activities toward the development of synchronous orbit active satellites in Project Advent and another type of passive satellite in Project West Ford.

T. Keith Glennan
Administrator

SECRET

CABINET PAPER—PRIVILEGED CP - 60-112

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THE CABINET

Library

Communication Satellite Development

CABINET PAPER

For Consideration

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CP - 60-112

COMMUNICATION SATELLITE DEVELOPMENT

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CABINET PAPER

For Consideration

TYPES OF COMMUNICATION SATELLITE SYSTEMS

Engineers and scientists from both Government and industry agree that there are three principal satellite systems which may become operationally useful for world-wide coverage -- namely, the low orbit active, the high orbit active, and the passive systems.

First, the low orbit active, instantaneous repeater system would involve 25 to 40 satellites randomly placed in selected orbits at a uniform altitude between 3000 and 6000 miles above the earth.

Second, the high or synchronous orbit active, instantaneous repeater system would involve relatively few, not less than three, satellites in orbits above the equator, approximately 22,300 miles high, with space-borne station keeping and orientation control devices which would maintain each satellite in a fixed position above a given point on the surface of the earth and in a fixed altitude with its antenna pointing toward the earth.

Third, the passive system would involve 60 to 100 satellites, like Echo I, randomly placed in selected orbits at a uniform altitude between 1500 and 2000 miles above the earth, containing no space-borne electronic equipment but serving simply as reflectors of radio signals from points of transmission to points of reception on the surface of the earth as much as 3000 miles apart.

In addition to those explained above there are variations of these types of satellite systems. For example, a low orbit, delayed repeater system, utilizing a space-borne tape recorder, receives and stores messages transmitted to the satellite from one point and releases and transmits them to the earth at a distant point. This type has been experimentally developed in Project Courier under Army management. For another example, a passive system consisting of reflecting dipoles, short segments of wire scattered in orbit as a cloud-like formation, is being experimentally developed in Project West Ford under Air Force management. These are respectively variations of the low orbit active and the passive systems.

CURRENT INTEREST OF USERS

The comparative capabilities of the different types of communication satellites have not become sufficiently specific and experimentally understood to enable potential users to identify a particular system as best suited to perform a particular service. However, certain general interests may be stated. The commercial communications carriers uniformly appear to favor, at the present time, the active systems over the passive and appear to recognize the low orbit system as more likely to be achieved before the synchronous orbit system. Military interests appear to be directed primarily toward the development of the synchronous orbit system but military interests do not exclude the military application of the other types. The technology, however, is not sufficiently advanced to warrant a definite conclusion that active systems are to be preferred to passive, either for civil or military usage. Consequently, research and development must be continued along a broad front, including all the main alternative types of systems.

PRESENT RESPONSIBILITIES OF NASA AND DOD

NASA will have the primary responsibility for the development of low orbit instantaneous repeater systems first referred to above as having the most immediate commercial application. The Army's Courier project involving a low orbit delayed repeater system has been completed as a demonstration of technical feasibility and no further research and development is presently contemplated.

The Department of Defense will continue its development of the high altitude active system already initiated in project Advent under Army management.

NASA will continue its development in spherical passive satellite structures, conducting experiments with more rigid spheres and the launching of multiple spheres from a single vehicle. The Air Force in Project West Ford will experiment with a scatter of dipoles as another form of passive reflector.

The foregoing programs of NASA and DOD will avoid duplication. These programs are coordinated on a project-by-project basis through the Unmanned Spacecraft Panel of the DOD-NASA Aeronautics and Astronautics Coordinating Board and through this Board there is a regular flow of information between NASA and DOD concerning plans, programs, projects, and progress. The combined efforts of NASA and DOD, therefore, will assure the nation that all of the major avenues of approach to the total technology are being pursued vigorously.

The objective of DOD's research and development in communication satellite systems is to advance the technology in order to satisfy diverse military requirements. This objective may be differentiated from the objective of NASA which is to advance the technology to serve the national interest in developing a commercially useful communication satellite system.

DOD PROGRAM IN GREATER DETAIL

DOD's total communications program is currently dominated by Project Advent in which all three military services participate. Under Army Signal Corps management the project will utilize Army tracking and communications facilities, Air Force launch vehicles, and for Navy purposes, a shipboard communications terminal provided by the Navy.

Advent

Advent is a synchronous orbit, instantaneous repeater system, the design of which is being strongly oriented toward military requirements.

The current objectives are to achieve (1) message capacity, (2) security, and (3) reliability. Message capacity requirements derive from the fact that military forces are widely located throughout the world and often in remote areas not served by adequate communications facilities. Security, apart from encryption, is dependent upon the vulnerability of the system as an operating unit and upon anti-jam devices. Reliability is based upon the durability of the satellite and its components in the space environment and upon the fact that the system would be independent of ionospheric disturbances so disruptive to normal short-wave radio communications.

The flight program presently calls for two launchings in FY 1962 and three launchings in FY 1963 for the primary purpose of conducting experiments in communications, proving certain components, such as vacuum tubes, solid state electronics, and adhesives for use in attaching solar cells, and for purposes of gaining experience in operational problems such as station-keeping (sufficient propulsion on board the satellite to control the period of the orbit), and attitude control (suitable means to keep the antenna pointed toward the earth). In addition NASA will provide space aboard two experimental Centaur vehicles in FY 1963 for testing Advent components. The seven launchings planned will utilize three Atlas Agena B vehicles to achieve 6500 miles circular inclined orbits and four Centaur vehicles to achieve synchronous 22,300 mile orbits.

Other Military Projects

Both passive and active systems are of interest to DOD and a wide range of studies, advanced research, and some experimental hardware developments are being pursued.

The flight program, firmly scheduled by DOD through FY 1961 (preceding the Army's Advent launchings beginning in FY 1962), involves, under Air Force direction, Project West Ford, a passive-type experiment, which will be launched on the same vehicle as an infra-red detection and warning satellite, Midas, using a Thor Agena B.

Cost Summary

DOD's firm communications program as described above amounts to approximately $70,000,000 in the regular request to the Bureau of the Budget for FY 1962, of which approximately $60,000,000 is for Advent, approximately 5,000,000 for West Ford and the remainder for studies and advanced research.

NASA PROGRAM IN GREATER DETAIL

NASA's total communications program has been specifically defined for funding purposes through fiscal year 1962 including both passive satellite and active low orbit satellite developments and other advanced research and studies.

Passive Satellites

Regarding passive satellite systems, NASA has demonstrated in Project Echo the technical feasibility of reflecting ground-transmitted radio signals from a space-borne reflective surface having unlimited bandwidth capability at an altitude of 1000 miles to ground receiving stations 3000 miles away from the point of transmission.

The current objectives of further experiments in the passive area are (1) the development of techniques for rigidizing the reflective structures in space to increase its useful orbital life, (2) the development of techniques for ejecting more than one satellite into a predictable orbit from a single launch vehicle, and (3) the development of improved ground transmission and receiving equipment including equipment operating at microwave frequencies above 5000 megacycles. The satisfacotory solution of these developmental problems will demonstrate the technical feasibility of a passive system with a hoped for satellite life expectancy of ten years or more.

The immediate flight program in support of the foregoing objectives calls for four launchings in a step-by-step development. The first step in the first half of FY 1962, using the Thor vehicle without a second stage, will provide suborbital test firings of the rigidized satellite. The second step, later in FY 1962, using a Thor Agena B vehicle, will loft a rigidized satellite into an 800-mile polar orbit. The third step, in the first half of FY 1963, using a single Atlas Agena B vehicle, will provide a test launching of three spheres of 140-foot diameter each at an operational altitude of 1700 miles. The fourth and final step, near the end of FY 1963, using a Centaur vehicle, will loft six 140-foot diameter sheres into inclined 1700-mile orbits, for evaluation of an operating multiple satellite, passive system.

Active Low Orbit Satellites

Regarding low orbit active satellite systems, NASA recognizes the validity of the interests of the communications industry in this type of system. The low orbit active system is able to provide adequate bandwidths at less cost for ground equipment than the passive system. The low orbit active system holds promise for long life (assuming the problems of durability and radiation damage to space-borne components are solved) by avoiding the problem associated with the synchronous orbit system such as station-keeping and attitude control.

The current objective of NASA's active satellite program is to provide an early demonstration of the technical feasibility of the low-altitude, multiple satellite system and to solve technical problems requiring flight experience which must be solved to develop any operational prototype, thereby facilitating the commercial application of the technology.

The immediate flight program in support of the foregoing objective calls for launchings in a developmental sequence of two steps. The first step, in the last half of FY 1962, using two Thor based vehicles, will provide much needed experience with a simple active repeater satellite in a 2000-mile orbit, instrumented to indicate the radiation deterioration of satellite components and having an experimental capability of one-way or simplex transmission of television bandwidth. The second step, beginning in the first half of FY 1963, using two Atlas Agena B vehicles, will provide additional needed experience with a more sophisticated satellite at a higher altitude (depending upon the findings of radiation damage) having a communications capability of two-way or duplex transmission of television bandwidth.

Cost Summary

NASA's total communications program, including studies, advanced research, advanced development, and ground support facilities, as well as the spacecraft, launch vehicle, and flight elements explained above, amounts to 24,000,000, as contained in a supplemental request for FY 1961, and 44,600,000, as contained in the regular request for FY 1962.

INTERESTS OF OTHER GOVERNMENT AGENCIES

Through direct contacts with the Federal Communications Commission, the Office of Civilian Defense Mobilization, and through the Telecommunications Coordinating Committee of the Department of State, NASA has acquired a preliminary understanding of the interests of other elements of Government concerning national policy issues.

It seems clear that all agree that the Government must exercise strict control over launchings into outer space for any purpose. It is assumed, therefore, that either the direct operation of launchings by the Government for private interests or strict Governmental regulation of launchings by private interests using Governmental or private facilities, will be necessary for the foreseeable future. Such Governmental operations or regulation appears to be necessary in additon to the regulation of the communications industry by the FCC.

It seems clear also that all interested Executive agencies and the FCC agree that NASA is the appropriate agency to undertake the control of launchings for purposes of commerical satellite development and utilization. This function would be coordinated with the FCC so that the statutory jurisdiction of that Commission is not affected. The proposal contemplates that the FCC will continue to grant experimental frequencies to private parties who can justify their use for research and development purposes and the FCC will continue to decide who shall be licensed as a common carrier to utilize satellites in providing communications services to the public.

INTERESTS OF INDUSTRY

NASA has been engaging in a series of conferences with representatives of the communications and electronics industries concerning the plans and views of the companies in those industries for moving forward toward the application of space technology to communications. Basically, all of industry recognizes the capacity-demand problem and the potential benefit to be derived from satellite systems.

NASA's conferences with industry -- including American Telephone and Telegraph, International Telephone and Telegraph, Radio Corporation of America, General Telephone and Electronic, General Electric, Hughes, and Philco -- have made it abundantly clear that industry favors a vigorous national effort for the early realization of a commercial communication satellite system. But, it is also clear that industry is dependent upon Government action in its desire to utilize the new technology. In the first place, the present ability of industry to launch spacecraft necessarily involves facilities which are owned and controlled by the Government. In the second place, the total costs are too great for any one company to underwrite the full scale of research and development that all segments of industry appear to recognize as necessary to make a determination of the "best" system for civil communications purposes. Finally, in general, industry sees the need for the early formulation of national policy if substantial sums of developmental capital are to be released from private sources and if other private actions, both domestic and international, are to be initiated in a timely manner to develop and support a commercial communication satellite system.

Apart from the foregoing general views of industry, one company, American Telephone and Telegraph, has made a written proposal to NASA under which it would commit its own funds for the design and construction of a developmental satellite system looking toward commercial application.

AT&T has filed a request with the FCC for the allocation of an experimental frequency for this purpose. Conversations with AT&T indicate their willingness to enter into a cooperative agreement with NASA for a program of development, at AT&T's expense, which will require several launchings and be directed toward the early realization of an operational prototype system.

In response to this proposal NASA has not committed itself beyond asserting its position in favor of continuing the existing national policy of private ownership and operation of communications facilities by the communications industry under Government regulation or beyond undertaking technical discussions with AT&T concerning the technical aspects of its proposal. However, NASA believes that initiative by private industry should be supported in the national interest. If the basic policies submitted by NASA are approved, NASA will take steps consistent therewith to carry them into effect.

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CP - 60-112/1

December 23, 1960

The White House

Washington

THE CABINET

Communication Satellite Development

The attached approved paper is circulated for action by the Administrator of the National Aeronautics and Space Administration working in consultation with the Secretaries of State and Defense, the Director of the Office of Civil and Defense Mobilization and other Cabinet officers and agency heads affected.

This paper was approved by the President at the Cabinet meeting of December 20, 1960 (RA - 60-160, Item 1). The revised wording inserted by agreement between the Secretary of State and the Administrator of the National Aeronautics and Space Administration appears in the fourth and fifth paragraphs on page 6.

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

SECRET

DECLASSIFIED
Authority NASA ltr 2/14/75 [illegible]
Date 1/23/75
By DJH, NARS Date 6/11/76

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December 23, 1960

NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION

December 19, 1960

MEMORANDUM FOR THE PRESIDENT

I have attached hereto a memorandum entitled "Communication Satellite Development" which sets forth the various factors having a direct bearing upon the practical application of space technology for long distance communication purposes. This memorandum is intended to provide a factual background to the executive action proposed by NASA for your approval as follows:

(1) There appears to be no compelling reason for this nation to depart from its traditional policy of conducting international telephone, telegraph and other communications services through private enterprise subject to Governmental regulation. Accordingly, the utilization of satellite systems for revenue producing purposes should be undertaken by private enterprise.

Library

(2) It will be the responsibility of NASA to develop the application of space technology to non-military, civil communications requirements. This responsibility for research and development will not include the establishment or operation of a commercial satellite communications system.

(3) In carrying out its responsibility NASA will initiate the competitive selection of contractors for Government-financed research and development and will proceed aggressively to encourage private enterprise to commit private resources to the development of commercially operational communication satellite systems.

(4) For the foreseeable future it will be necessary for the Government to control the launching of spacecraft for civil communications purposes and NASA will be the agency responsible for such control. Authority to make frequency allocations and license private companies as common carriers will remain with the Federal Communications Commission, and NASA will conduct its activities to avoid encroachment upon the statutory jurisdiction of that Commission.

(5) For the foreseeable future it will be necessary for the Government to be intimately aware of and to participate in the making of arrangements with other nations for cooperation in technical areas relating to the development of satellite systems for civil communications purposes. NASA, in appropriate association with the Department of State, the Office of Civil and Defense Mobilization and the Federal Communications Commission, and working with interested industrial organizations, will have the prime responsibility for assuring conformity with technical and operational requirements.

(6) NASA and the Department of Defense will develop their respective programs consistent with the principle that NASA has responsibility for non-military, commercially oriented developments and the Department of Defense has responsibility for developments necessary to meet military requirements. For the present, NASA will continue its activities toward the development of passive satellites, like Echo I, and will accelerate the development of low orbit active satellites; the Department of Defense will continue its activities toward the development of synchronous orbit active satellites in Project Advent and another type of passive satellite in Project West Ford.

T. Keith Glennan
Administrator

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Communication Satellite Development

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December 23, 1960

COMMUNICATION SATELLITE DEVELOPMENT

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CABINET PAPER

For Action

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INTRODUCTION

This paper deals with the application of man-made earth satellites to transoceanic international communications services, a development in space technology which raises issues of national policy.

NEED FOR NEW FACILITIES

It is clear that the capacity of existing overseas telephone and international telegraph facilities is being fully utilized at the present time and will not be sufficient to satisfy the future demands for such services. The present number of available overseas telephone circuits, both cable and radio, from the United States is 345. This may be compared with 850 between the Los Angeles area and metropolitan New York and 2600 between New York and Chicago. The planned addition of a new trans Atlantic cable by American Telephone and Telegraph in 1963, adding approximately 200 voice circuits to the 185 presently available by cable, is not expected to satisfy the demand.

Precise predictions of demand, especially over ten or twenty year periods, are subject to much uncertainty. However, if the present trends continue the inadequacy of existing facilities becomes ever more acute. In the last ten years the volume of overseas telephone calls has roughly tripled. In addition, during the same period, the volume of international telegraph messages has risen 20%. Future requirements for new services such as data transmission and overseas television are, of course, without precedent but they promise increased demands for facilities.

Communication satellite systems using microwave frequencies, within the broad range between 1000 to 20,000 megacycles, offer an attractive alternative to submarine cables for achieving additional capacity. It is uncertain how much bandwidth may be required in the microwave area of the radio frequency spectrum for an operational satellite system, but it is certain that the potential channel capacity of satellite systems is substantially greater than that of cable systems. Satellites may provide the only means of achieving overseas television which requires four and a half to six megacycles bandwidth. A single television channel is equivalent to about 600 telephone channels and a single telephone channel is equivalent to about 20 telegraph channels.

The economic aspects of this possibility may be expressed in terms of cost per telephone channel per year. A study for NASA by the Rand Corporation indicates that the annual cost, including capital costs, operating costs, and an 8% return, for the new broad-band cable designed to provide approximately 200 voice channels, is about $24,000 per channel in a 2500 mile transoceanic link, assuming a life of 20 years. The comparable annual cost, making certain assumptions as to system design, of a low altitude satellite system designed to provide 7800 voice channels, may be less than $10,000 per channel, assuming a satellite life of two years and ground terminal life of 15 years.

The potential economy of communication satellite systems and the increasing demands for overseas communications services, combine to support the current interest in utilizing satellites to meet the need for new facilities.

TYPES OF COMMUNICATION SATELLITE SYSTEMS

Engineers and scientists from both Government and industry agree that there are three principal satellite systems which may become operationally useful for world-wide coverage -- namely, the low orbit active, the high orbit active, and the passive systems.

First, the low orbit active, instantaneous repeater system would involve 25 to 40 satellites randomly placed in selected orbits at a uniform altitude between 3000 and 6000 miles above the earth.

Second, the high or synchronous orbit active, instantaneous repeater system would involve relatively few, not less than three, satellites in orbits above the equator, approximately 22,300 miles high, with space-borne station keeping and orientation control devices which would maintain each satellite in a fixed position above a given point on the surface of the earth and in a fixed altitude with its antenna pointing toward the earth.

Third, the passive system would involve 60 to 100 satellites, like Echo I, randomly placed in selected orbits at a uniform altitude between 1500 and 2000 miles above the earth, containing no space-borne electronic equipment but serving simply as reflectors of radio signals from points of transmission to points of reception on the surface of the earth as much as 3000 miles apart.

In addition to those explained above there are variations of these types of satellite systems. For example, a low orbit, delayed repeater system, utilizing a space-borne tape recorder, receives and stores messages transmitted to the satellite from one point and releases and transmits them to the earth at a distant point. This type has been experimentally developed in Project Courier under Army management. For another example, a passive system consisting of reflecting dipoles, short segments of wire scattered in orbit as a cloud-like formation, is being experimentally developed in Project West Ford under Air Force management. These are respectively variations of the low orbit active and the passive systems.

CURRENT INTEREST OF USERS

The comparative capabilities of the different types of communication satellites have not become sufficiently specific and experimentally understood to enable potential users to identify a particular system as best suited to perform a particular service. However, certain general interests may be stated. The commercial communications carriers uniformly appear to favor, at the present time, the active systems over the passive and appear to recognize the low orbit system as more likely to be achieved before the synchronous orbit system. Military interests appear to be directed primarily toward the development of the synchronous orbit system but military interests do not exclude the military application of the other types. The technology, however, is not sufficiently advanced to warrant a definite conclusion that active systems are to be preferred to passive, either for civil or military usage. Consequently, research and development must be continued along a broad front, including all the main alternative types of systems.

PRESENT RESPONSIBILITIES OF NASA AND DOD

NASA will have the primary responsibility for the development of low orbit instantaneous repeater systems first referred to above as having the most immediate commercial application. The Army's Courier project involving a low orbit delayed repeater system has been completed as a demonstration of technical feasibility and no further research and development is presently contemplated.

The Department of Defense will continue its development of the high altitude active system already initiated in project Advent under Army management.

NASA will continue its development in spherical passive satellite structures, conducting experiments with more rigid spheres and the launching of multiple spheres from a single vehicle. The Air Force in Project West Ford will experiment with a scatter of dipoles as another form of passive reflector.

The foregoing programs of NASA and DOD will avoid duplication. These programs are coordinated on a project-by-project basis through the Unmanned Spacecraft Panel of the DOD-NASA Aeronautics and Astronautics Coordinating Board and through this Board there is a regular flow of information between NASA and DOD concerning plans, programs, projects, and progress. The combined efforts of NASA and DOD, therefore, will assure the nation that all of the major avenues of approach to the total technology are being pursued vigorously.

The objective of DOD's research and development in communication satellite systems is to advance the technology in order to satisfy diverse military requirements. This objective may be differentiated from the objective of NASA which is to advance the technology to serve the national interest in developing a commercially useful communication satellite system.

DOD PROGRAM IN GREATER DETAIL

DOD's total communications program is currently dominated by Project Advent in which all three military services participate. Under Army Signal Corps management the project will utilize Army tracking and communications facilities, Air Force launch vehicles, and for Navy purposes, a shipboard communications terminal provided by the Navy.

Advent

Advent is a synchronous orbit, instantaneous repeater system, the design of which is being strongly oriented toward military requirements.

The current objectives are to achieve (1) message capacity, (2) security, and (3) reliability. Message capacity requirements derive from the fact that military forces are widely located throughout the world and often in remote areas not served by adequate communications facilities. Security, apart from encryption, is dependent upon the vulnerability of the system as an operating unit and upon anti-jam devices. Reliability is based upon the durability of the satellite and its components in the space environment and upon the fact that the system would be independent of ionospheric disturbances so disruptive to normal short-wave radio communications.

The flight program presently calls for two launchings in FY 1962 and three launchings in FY 1963 for the primary purpose of conducting experiments in communications, proving certain components, such as vacuum tubes, solid state electronics, and adhesives for use in attaching solar cells, and for purposes of gaining experience in operational problems such as station-keeping (sufficient propulsion on board the satellite to control the period of the orbit), and attitude control (suitable means to keep the antenna pointed toward the earth). In addition NASA will provide space aboard two experimental Centaur vehicles in FY 1963 for testing Advent components. The seven launchings planned will utilize three Atlas Agena B vehicles to achieve 6500 miles circular inclined orbits and four Centaur vehicles to achieve synchronous 22,300 mile orbits.

Other Military Projects

Both passive and active systems are of interest to DOD and a wide range of studies, advanced research, and some experimental hardware developments are being pursued.

The flight program, firmly scheduled by DOD through FY 1961 (preceding the Army's Advent launchings beginning in FY 1962), involves, under Air Force direction, Project West Ford, a passive-type experiment, which will be launched on the same vehicle as an infra-red detection and warning satellite, Midas, using a Thor Agena B.

Cost Summary

DOD's firm communications program as described above amounts to approximately $70,000,000 in the regular request to the Bureau of the Budget for FY 1962, of which approximately $60,000,000 is for Advent, approximately 5,000,000 for West Ford and the remainder for studies and advanced research.

NASA PROGRAM IN GREATER DETAIL

NASA's total communications program has been specifically defined for funding purposes through fiscal year 1962 including both passive satellite and active low orbit satellite developments and other advanced research and studies.

Passive Satellites

Regarding passive satellite systems, NASA has demonstrated in Project Echo the technical feasibility of reflecting ground-transmitted radio signals from a space-borne reflective surface having unlimited bandwidth capability at an altitude of 1000 miles to ground receiving stations 3000 miles away from the point of transmission.

The current objectives of further experiments in the passive area are (1) the development of techniques for rigidizing the reflective structures in space to increase its useful orbital life, (2) the development of techniques for ejecting more than one satellite into a predictable orbit from a single launch vehicle, and (3) the development of improved ground transmission and receiving equipment including equipment operating at microwave frequencies above 5000 megacycles. The satisfacotory solution of these developmental problems will demonstrate the technical feasibility of a passive system with a hoped for satellite life expectancy of ten years or more.

The immediate flight program in support of the foregoing objectives calls for four launchings in a step-by-step development. The first step in the first half of FY 1962, using the Thor vehicle without a second stage, will provide suborbital test firings of the rigidized satellite. The second step, later in FY 1962, using a Thor Agena B vehicle, will loft a rigidized satellite into an 800-mile polar orbit. The third step, in the first half of FY 1963, using a single Atlas Agena B vehicle, will provide a test launching of three spheres of 140-foot diameter each at an operational altitude of 1700 miles. The fourth and final step, near the end of FY 1963, using a Centaur vehicle, will loft six 140-foot diameter sheres into inclined 1700-mile orbits, for evaluation of an operating multiple satellite, passive system.

Active Low Orbit Satellites

Regarding low orbit active satellite systems, NASA recognizes the validity of the interests of the communications industry in this type of system. The low orbit active system is able to provide adequate bandwidths at less cost for ground equipment than the passive system. The low orbit active system holds promise for long life (assuming the problems of durability and radiation damage to space-borne components are solved) by avoiding the problem associated with the synchronous orbit system such as station-keeping and attitude control.

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The immediate flight program in support of the foregoing objective calls for launchings in a developmental sequence of two steps. The first step, in the last half of FY 1962, using two Thor based vehicles, will provide much needed experience with a simple active repeater satellite in a 2000-mile orbit, instrumented to indicate the radiation deterioration of satellite components and having an experimental capability of one-way or simplex transmission of television bandwidth. The second step, beginning in the first half of FY 1963, using two Atlas Agena B vehicles, will provide additional needed experience with a more sophisticated satellite at a higher altitude (depending upon the findings of radiation damage) having a communications capability of two-way or duplex transmission of television bandwidth.

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INTERESTS OF OTHER GOVERNMENT AGENCIES

Through direct contacts with the Federal Communications Commission, the Office of Civilian Defense Mobilization, and through the Telecommunications Coordinating Committee of the Department of State, NASA has acquired a preliminary understanding of the interests of other elements of Government concerning national policy issues.

It seems clear that all agree that the Government must exercise strict control over launchings into outer space for any purpose. It is assumed, therefore, that either the direct operation of launchings by the Government for private interests or strict Governmental regulation of launchings by private interests using Governmental or private facilities, will be necessary for the foreseeable future. Such Governmental operations or regulation appears to be necessary in addition to the regulation of the communications industry by the FCC.

It seems clear also that all interested Executive agencies and the FCC agree that NASA is the appropriate agency to undertake the control of launchings for purposes of commercial satellite development and utilization. This function would be coordinated with the FCC so that the statutory jurisdiction of that Commission is not affected. The proposal contemplates that the FCC will continue to grant experimental frequencies to private parties who can justify their use for research and development purposes and the FCC will continue to decide who shall be licensed as a common carrier to utilize satellites in providing communications services to the public.

With regard to the international relations aspects of communication satellite development and utilization, the Department of State will continue to have primary responsibility, including responsibility for negotiations with foreign governments and international organizations.

In view of the multiplicity of departmental and agency interests involved in this matter, full and close coordination among the departments and agencies affected will be essential over the wide range of specific measures and arrangements which must be worked out in carrying this program forward.

INTERESTS OF INDUSTRY

NASA has been engaging in a series of conferences with representatives of the communications and electronics industries concerning the plans and views of the companies in those industries for moving forward toward the application of space technology to communications. Basically, all of industry recognizes the capacity-demand problem and the potential benefit to be derived from satellite systems.

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Apart from the foregoing general views of industry, one company, American Telephone and Telegraph, has made a written proposal to NASA under which it would commit its own funds for the design and construction of a developmental satellite system looking toward commercial application. AT&T has filed a request with the FCC for the allocation of an experimental frequency for this purpose. Conversations with AT&T indicate their willingness to enter into a cooperative agreement with NASA for a program of development, at AT&T's expense, which will require several launchings and be directed toward the early realization of an operational prototype system.

In response to this proposal NASA has not committed itself beyond asserting its position in favor of continuing the existing national policy of private ownership and operation of communications facilities by the communications industry under Government regulation or beyond undertaking technical discussions with AT&T concerning the technical aspects of its proposal. However, NASA believes that initiative by private industry should be supported in the national interest. If the basic policies submitted by NASA are approved, NASA will take steps consistent therewith to carry them into effect.

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CP - 60-111

November 28, 1960

The White House
Washington

THE CABINET

Plan for Operation Alert 1961

For consideration of members of the Cabinet, attached is a summary of the Plan for Operation Alert 1961 which was approved by the Director, Office of Civil and Defense Mobilization. It was discussed in the Civil and Defense Mobilization Board on October 19, 1960.

Robert Gray
Secretary to the Cabinet

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For Consideration

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THE CABINET

Plan for Operation Alert 1961

I. INTRODUCTION

A. Operation Alert 1961 is planned to consist of 3 phases:

Phase I: A combined increased readiness build-up and attack exercise involving varying degrees of participation by elements of Federal, State and local governments. Phase I will be conducted in May 1961.

Phase II: Joint State and Federal Field staff exercises emphasizing resources management between D plus 2 and D plus 28 days. Phase II will be conducted in late August or early September 1961.

Phase III: A joint Federal Field and Headquarters staff exercise emphasizing resources management after D plus 28 days. Phase III will be conducted in early or mid-October 1961.

B. The exercise plan was developed from training and testing requirements submitted through established coordinating groups of the Federal, State and local governments. Also, the experiences of Operation Alert 1960 were carefully considered.

C. For several years State and local governments have requested that part of Operation Alert be scheduled on a week end. This would minimize interference with normal government functions (also a problem for the Federal Government), and permit maximum training of volunteer personnel by local government units. This request has been met for Operation Alert 1961 by scheduling the attack exercise to begin on Friday and end on Saturday morning, with options for State and local governments to continue exercise activity on Saturday afternoon and Sunday.

D. A Summary of the exercise structure and chronology is shown in Figure 1.

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For Consideration

SUMMARY OF OPERATION ALERT 1961 STRUCTURE AND CHRONOLOGY

Phase	Activity	Exercise Time Period	Calendar Time[1/]	Participants
Phase I	Increased Readiness Build-up in relocation and at normal offices.	D-2 to Attack Warning (Actual Time)	Wed. afternoon to Fri. afternoon in May 1961.	Elements of Federal, State and local governments.
	Attack exercise in relocation. (As in Operation Alert 1960, attack and fallout patterns would not be available to participants before the exercise.)	Attack warning into D+1. (Actual Time)	Fri. afternoon to Sat. morning in May 1961.	Elements of Federal, State and local governments, private organizations, and the public.
	Optional State and local government postattack operations.	Continuation of D+1 or compressed time, e.g., D+7 or D+10, as desired.	Sat. afternoon and Sun. in May 1961.	Elements of OCDM, State and local governments, private organizations and the public.
Phase II	Joint State-Federal Field staff exercises emphasizing resources management. One exercise at each OCDM Regional Office. Parallel exercises at Federal agency field relocation sites or normal offices, as desired.	D+2 to D+28 days (Compressed Time)	3 calendar days in late Aug. or early Sept.1961.	Federal Field Establishment and State government officials, and representatives of private organizations. (About 75 principal participants at each OCDM Regional Office.)
Phase III	Joint Federal Field and Headquarters staff exercise emphasizing resources management. One exercise at the OCDM Classified Location. Parallel exercises at Federal agency headquarters relocation sites or normal offices, as desired.	Post D+28 days (Compressed Time)	3 calendar days in early or mid-Oct. 1961.	Federal Field and Headquarters officials. (About 150 principal participants at the OCDM Classified Location.)

1/ Specific dates to be selected after consultation with participating governments.

(FIGURE 1)

II. BASIC EXERCISE PLAN

Operation Alert 1961 will consist of three Phases.

A. Phase I

A combined increased readiness build-up and attack exercise involving varying degrees of participation by elements of Federal, State and local governments, and the public. Three-fifths of personnel having emergency assignments has been adopted as a general guideline for Federal Headquarters participation.

1. Objectives of Increased Readiness Build-up.

   Training and testing in:

   a. Alerting of personnel having emergency assignments.

   b. Manning of relocation sites and/or preparations at normal offices for emergency operations.

   c. Checking out of existing emergency communications systems.

   d. Identifying and proposing at relocation sites and/or normal offices, decisions and actions to increase rapidly the capabilities of the public, governments, and private organizations to meet an attack situation.

2. Objectives of Attack Exercise.

   Training and testing in:

   a. Actions on warning.

   b. Rapid collection, evaluation, analysis and presentation of attack data and weapons effects.

   c. Operational control and use of communications.

   d. Immediate postattack survival actions.

   e. Identification of major problems during the immediate postattack period, and the decisions and actions required to respond to such problems.

3. Other Phase I Features

   a. An optional system of exercise monitors, and procedures for prepositioning or injecting fragmentary attack information and radiological readings, will be established.

b. The exercise attack will consist of one phase, involving both unmanned and manned weapons delivery systems, and a total attack weight of about 2000 megatons. As in Operation Alert 1960, the exercise attack and fallout patterns will not be available to participants before the exercise.

c. Attack warning for the nation as a whole will be about one hour.

d. A CONELRAD Alert Drill will be conducted, if possible.

e. At the Federal Headquarters level emphasis will be placed on testing the Interim Relocation Plan and procedures for interagency emergency operations among the OCDM Classified Location, agency relocation sites, and normal agency offices.

B. Phase II

Joint State and Federal Field staff exercises emphasizing resources management needed between D plus 2 and D plus 28 days for the preservation and maintenance of government, law, and order, and the carrying out of initial survival and recovery actions. Representatives of State governments, the Federal Field Establishment, and private organizations will participate.

1. Phase II Objectives

To provide State government and Federal Field officials, and private organization representatives with an opportunity to examine jointly their responsibilities for emergency operations up to D plus 28 days, with main emphasis on resources management, by:

a. Determining State and regional resources availabilities, shortages and requirements up to D plus 28 days.

b. Determining resource assistance which the Federal Field Establishment might be requested to provide the States before D plus 28 days, and the ways in which such resource transfers would be managed.

c. Determining the feasibility of current techniques for postattack resource analysis and current plans for postattack resource management.

2. Other Phase II Features

A national estimate of the situation from D plus 2 to D plus 28 days, based on the Phase I attack, will be made available before Phase II. This will be expanded by Federal Field and State government personnel to provide a more specific description of the D plus 2 to D plus 28 situation in their respective jurisdictions.

C. Phase III

A joint Federal Field and Headquarters staff exercise emphasizing resources management after D plus 28 days. Representatives of the Federal Field Establishment and Federal Headquarters would participate.

1. Phase III Objectives

To provide Federal Field and Headquarters officials with an opportunity to examine jointly their responsibilities for emergency operations after D plus 28 days, with main emphasis on resources management, by:

a. Balancing regional resource requirements with total national resources availabilities, and simulating measures to increase resources availabilities.

b. Simulating allocations of national resources to assist the States in meeting their resources requirements after D plus 28 days, and determining when Federal Headquarters assistance could have been rendered before D plus 28 days.

c. Projecting activities which must be undertaken to preserve or re-establish a functioning national economy by D plus 360 days, and analyzing the relationships between alternative national reconstruction objectives and the development of the postattack society.

d. Determining the feasibility of current techniques for postattack resource analysis and current plans for postattack resource management.

2. Other Phase III Features

The following materials will be made available to participants before Phase III:

a. A revised version of the national estimate of the situation from D plus 2 to D plus 28 days, prepared for Phase II.

b. A summary of the major findings and recommendations of the Phase II exercises.

c. General projections of the national resources situation up to D plus 360 days.

CABINET PAPER—PRIVILEGED

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CA - 61-161

January 11, 1961

The White House

Washington

THE CABINET

Agenda

9:00 A.M., Friday, January 13, 1961

1. Review of the World Situation (Oral) The Secretary of State

[No Record of Action made]

Robert Gray
Secretary to the Cabinet

CABINET PAPER

For Action

THE WHITE HOUSE
WASHINGTON

January 7, 1961

MEMORANDUM

SUBJECT: Cabinet Agenda for January 13

This is likely to be the last Cabinet meeting.

Since the attendance will be 100%, I suggest as the first item of business two photographs:

a) One including only those sitting at the Cabinet table.

b) One including some of the White House staff officers who usually attend the meetings.

The regular agenda, it is suggested, might be as follows:

1. Summation of the FY 1962 Budget (Director Stans)

The Budget Message will be about to go -- the "Budget in Brief" pamphlets may be available to hand around to the Cabinet. Director Stans, using charts, will summarize for the Cabinet the shape of the Administration's final budget proposals.

2. ~~Report From the Federal Radiation Council (Secretary Flemming)~~

~~The Council is preparing two reports for the President: an important "summary of its unfinished business" and a draft public statement. The "unfinished business" report would remain confidential since it is a candid discussion of knotty problems still in front of us. The public statement would indicate what has been done so far. The last time the Cabinet heard a Council report, much helpful discussion resulted. These reports are now ready to present -- as an information item.~~

3. Progress Reports on: (Director Stans)

   a) Disposition of Surplus Federal Real Property
   b) Government Competition With Business
   c) User Charges

Mr. Stans is anxious to sum up where we have come on these three long-standing Administration programs.

4. Closing Words (The President and Other Members)

It would seem likely that the Eisenhower Cabinet sessions would end with some exchanges about our efforts together and their significance as a legacy to the future.

Bob

Robert Gray
Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

December 31, 1960

MEMORANDUM

SUBJECT: Cabinet Agenda for the Next Meeting

The following four items would be appropriate and timely for a Cabinet meeting in the early part of January:

1. State of the Union Message (The President)

The President has traditionally invited the comments of the Cabinet on the Message -- sometimes by having an EYES ONLY draft circulated a day ahead of time, sometimes by having the Message read aloud at a meeting.

2. Summary of the FY 1962 Budget (Director Stans)

Director Stans would like to give the Cabinet an over-all summary of the FY 1962 Budget prior to its release on or about January 9. He is now preparing some charts for this purpose.

3. Report From the Federal Radiation Council (Secretary Flemming)

The Council is preparing two reports for the President: an important "summary of its unfinished business" and a draft public statement. The "unfinished business" report would remain confidential since it is a candid discussion of knotty problems still in front of us. The public statement would indicate what has been done so far. The last time the Cabinet heard a Council report, much helpful discussion resulted. These reports would be ready to present -- as an information item -- in early January.

4. **The Program for Aerospace Nuclear Power** (Chairman McCone)

As a Special Staff Note of December 31 mentioned, an event is taking place at the AEC Nevada Test Site which Defense regards as a "milestone" in the Aerospace Nuclear Power program. I have proposed to Chairman McCone that before the Eisenhower Cabinet leaves office, he give them a glimpse into the future, with a briefing on the Aerospace Nuclear Power program and its significance to our country.

Robert Gray

	4	5	6	9	10	11	12	13	16	17	18	19	20
V. P.													
State	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Treasury	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Defense	✓	✓	N.? Y.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Justice	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Post Office	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Interior	&Hastings– thru V.I.?	0	0	0	0	✓	✓	✓	✓	✓	✓	✓	✓
Commerce	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Agriculture	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Labor	✓	✓	*	✓	Detroit (early pm)	✓	✓	N.Y. ? (if [illegible])	✓	✓	✓	✓	✓
H.E.W.	0	0	✓	✓	0	✓	✓	0/T (if not Cabinet)	0	✓	✓	✓	✓
Budget	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
O.C.D.M.	✓	✓	✓	✓	✓	✓	✓	✓	0	0	✓	✓	✓
U.S.U.N.	0 sec	0 Coun.		✓	✓	✓	✓	✓					
McCone	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

*Railroad Commission meeting (1st)

✓ in town

THE WHITE HOUSE
WASHINGTON

February 21, 1957

MEMORANDUM FOR GOVERNOR ADAMS

Subject: Agenda for Cabinet meeting of Wednesday afternoon, February 27th

A round-up of Cabinet attendance indicates that Wednesday afternoon would be a desirable time for a meeting. There would be only three absences: Messrs. Seaton, Mitchell and Peterson. OK

The following items are proposed for the agenda:

The Budget outlook 1957-1961 Director Brundage

1. Policy Regarding Congressional Cuts in the FY 1958 Budget — General Persons

Each of the Cabinet Members either is, or soon will be on the Hill defending his Department's FY 1958 appropriation proposals. Congress, not unmindful of recent Administration instructions to make cuts, is beginning to do just that. It is important that the Cabinet follow a consistent position with respect to these cuts... either resist or acquiesce.

PRESENTATION TIME ~~10~~ 30 Minutes

2. Current Economic Situation and Outlook — Dr. Saulnier

The Cabinet has not heard a report from the Council of Economic Advisors since last December 14. Dr. Saulnier will give the Cabinet a briefing on the most current information we have with respect to the state of the economy, including the "tight money" situation. He intends that this presentation should lead into a discussion of the varying and somewhat confusing statements made recently by different Cabinet Members about the domestic economic picture.

PRESENTATION TIME 15 Minutes

3. Program for the Drought Area — Secretary Benson

Secretary Benson is now preparing specific administrative and legislative proposals to present publicly next week as a follow-up of the President's recent visit to the drought area. A "package" is being prepared which would include:

a)Secretary Benson's report and recommendations to the President
b)Letter from the President to the Speaker and President Pro Tem
c)Certain specific legislative proposals

nc

This package will be ready for Cabinet consideration Wednesday afternoon. Cabinet discussion of this package will be particularly appropriate because of the President's personal interest in these measures.

PRESENTATION TIME 10 Minutes

4. The Federal Service Campaign for National Health Agencies — Chairman Young and Governor Adams

Just prior to the Cabinet meeting, the kick-off rally for the 1957 National Health Agencies fund raising drive within the Federal Government will be held. It would be useful to have this drive mentioned at Cabinet Wednesday for three reasons:

a)To erase some of the still prevalent confusion about last Fall's UGF drive being the "only" Washington area drive of the year.
b)To give full Cabinet support for their second important drive.
c)To make it clear that the principles and procedures laid down last June 27th in the approved fund raising policy will still apply to all contributing during this second drive.

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PRESENTATION TIME 10 Minutes

Maxwell M. Rabb
Secretary to the Cabinet

CABINET MEETING
FRIDAY, JANUARY 13, 1961
9:00 A. M.

The President
The Vice President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Attorney General
The Postmaster General
The Secretary of the Interior
The Secretary of Agriculture
The Secretary of Labor
The Secretary of Commerce
The Secretary of Health, Education and Welfare
Hon. James Wadsworth
Hon. Wilton Persons
Hon. John McCone
The Director, Bureau of the Budget
The Director, Office of Civil and Defense Mobilization
Hon. Robert K. Gray

CABINET CHECK-LIST

For: Cabinet 1/13/61

		Special Assistant for Cabinet Coordination:	Appointment Secretary, or Other:
✓	THE PRESIDENT		
✓	THE VICE PRESIDENT	✓ Mr. McWhorter	
	Substitute:		
✓	STATE (Mr. ~~Dulles~~ Herter)	✓ Mr. ~~Boster~~ Montgomery	
✓	TREASURY (Mr. Anderson)	✓ Mr. ~~Parsons~~ Westerhuis	
✓	DEFENSE (Mr. ~~McElroy~~ Gates)	✓ Mr. ~~Gale~~ Lindsay	
✓	JUSTICE (Mr. Rogers)	✓ Mr. Cushman	
✓	POST OFFICE (Mr. Summerfield)	✓ Mr. ~~Moore~~ Johnson	
✓	INTERIOR (Mr. Seaton)	✓ Mr. Kennedy	
✓	COMMERCE (Mr. ~~Strauss~~) Mueller	✓ Mr. ~~Becker~~ Peacock	
✓	AGRICULTURE (Mr. Benson)	✓ Mr. Shurtleff	
✓	LABOR (Mr. Mitchell)	✓ Mr. ~~Wallace~~ Silverman	
✓	HEALTH, EDUCATION AND WELFARE (Dr. Flemming)	✓ Mr. ~~Kieffer~~ Saunders	
✓	BUDGET (Mr. Stans)	✓ Dr. Reid	
✓	OCDM (Governor Hoegh)	✓ Mr. Reutzel	
✓	USUN (Ambassador ~~Lodge~~ Wadsworth)	✓ Mr Purcell	
✓	THE ASSISTANT TO THE PRESIDENT	✓ RGr	
✓	THE SECRETARY TO THE CABINET	✓ BHP	
✓	AEC-Helmer	Captain Morse, AEC	

(OVER)

WHITE HOUSE STAFF:

Mr. Anderson
General Bragdon
✓ Mr. Gordon Gray
✓ General Goodpaster
Mr. Hagerty
✓ Harr
Mr. Harlow
✓ Mr. Kendall
Mr. Kestnbaum
✓ Dr. ~~Killiam~~ Kistia
✓ Lambie
Mr. McCabe
✓ Mr. Merriam
Mr. Minnich
Mr. Moos
✓ Mr. Morgan
✓ Mr. Paarlberg
✓ Mr. Patterson
Mr. McPhee
Governor Pyle
✓ Mr. Randall
Mr. Siciliano
✓ Mrs. Wheaton
✓ Col Major Eisenhower

OTHERS:

✓ ATOMIC ENERGY COMMISSION
(Mr. McCone)

✓ COUNCIL OF ECONOMIC ADVISERS
(Mr. Saulnier)

EXECUTIVE SESSION (if any)

_______ to _______

Meeting Opened 9

Meeting Adjourned 11:26